ÜNLÜ Yatırım Holding A.Ş.
And Its Subsidiaries

Consolidated Financial Statements
As at and for the Year Ended 31 December 2019
With Independent Auditors’ Report Theron

Building a better working world

Güney Bağımsız Denetim ve SMMM A.Ş.
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(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of ÜNLÜ Yatırım Holding Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of ÜNLÜ Yatırım Holding Anonim Şirketi (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of 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 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

We conducted our audit in accordance with Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) 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.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Key Audit Matter	How our audit addressed the key audit matter
Determination carrying value of non-performing loans	
As of 31 December 2019 the Group has non-performing loans accounted under trade receivables account with total net present value of TL 182,098,126; disclosure related to non-performing loans is explained in note 8 of the accompanying consolidated financial statements. The reasons that we focused on this area during our audit are; materiality of non-performing loan amount and significant judgments, assumptions and estimates used by the Group Management in determining the future projections of non-performing loans and the discount rates used in the net present value calculations. Since the management's estimates and assumptions can significantly affect the amount of non-performing loans in the statement of financial position, this area has been considered as a key audit matter.	- Within the scope of the audit we carried out within this framework, we evaluated the judgements used by the Group in estimating and revising the future projections and the policies regarding the updates of these estimations when necessary. - Within the scope of our audit, we obtained supporting evidences while having discussions with Group management and performed reviews on these documents. We recalculated net present values accounted in financial statements by using the discount rates determined at initial recognition. - In addition, we evaluated the sufficiency of the explanations in the disclosures that are the part of the consolidated financial statements.

4) Other Matter

The consolidated financial statements of the Group as of 31 December 2018 were audited by another audit firm, which expressed an unqualified opinion in their reports issued on 25 April 2019.

5) 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 Company'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 Company 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.

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

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 InAS 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 financial statements.

As part of an audit in accordance with InAS, 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.

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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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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) Report on Other Legal and Regulatory Requirements

1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2019 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Emre Çelik.

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

T.C. BAĞIMSIZ DENETÇİ 1923

Emre Çelik, SMMM
Associate Partner

24 April 2020
Istanbul, Turkey

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AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 DECEMBER 2019

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

	Notes	Audited 31 December 2019	Audited 31 December 2018 (*)
ASSETS			
Current assets			
Cash and cash equivalents	*5*	82,130,660	91,816,754
Financial investments	*6*	23,658,361	30,282,240
Derivatives instruments	*28*	3,209,997	553,011
Trade receivables	*8*	218,285,943	190,399,430
- *Trade receivables due from related parties*	*4*	*2,409,271*	*2,090,032*
- *Trade receivables due from other parties*	*8*	*215,876,672*	*188,309,398*
Other receivables	*9*	26,423,849	45,756,217
- *Other receivables due from related parties*	*4*	*243,432*	*313,543*
- *Other receivables due from other parties*	*9*	*26,180,417*	*45,442,674*
Current income tax assets	*25*	2,070,320	5,173,876
Prepaid expenses	*10*	11,938,032	5,578,014
Other current assets	*11*	887,663	1,052,372
Assets held for sale	*12*	44,721,057	49,226,690
TOTAL CURRENT ASSETS		**413,325,882**	**419,838,604**
Non-current assets			
Financial investments	*6*	1,517,254	2,651,763
Investments accounted through equity method	*7*	23,002,892	18,546,063
Other receivables	*9*	142,729	125,324
Property and equipment	*14*	10,924,495	3,707,385
Intangible assets		30,385,348	30,621,393
- *Goodwill*	*15*	*29,198,326*	*29,198,326*
- *Other intangible assets*	*15*	*1,187,022*	*1,423,067*
Deferred tax assets	*25*	3,623,874	4,552,674
TOTAL NON-CURRENT ASSTES		**69,596,592**	**60,204,602**
TOTAL ASSETS		**482,922,474**	**480,043,206**

(*) Information related to restated financial statements has been disclosed in Note 2.A –(e) “Comparative information and restate of prior year’s financial statemens”.

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

ÜNLÜ YATIRIM HOLDİNG A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 DECEMBER 2019

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

	Notes	**Audited 31 December 2019**	**Audited 31 December 2018 (*)**
LIABILITIES			
Short term liabilities			
Short term liabilities	13	198,029,937	177,641,895
- *Short term liabilities due to related parties*	*4*	*15,664,809*	*22,849,608*
- *Short term liabilities due to other parties*	*13*	*182,365,128*	*154,792,287*
Derivatives instruments	28	1,685,043	--
Trade payables	8	1,235,447	3,250,743
- *Trade payables due to other parties*	*8*	*1,235,447*	*3,250,743*
Other payables	9	4,968,212	2,378,310
- *Other payables due to related parties*	*4*	*281,001*	--
- *Other payables due to other parties*	*9*	*4,687,211*	*2,378,310*
Short term liabilities for employee benefits	*9*	6,569,226	7,743,816
Short term provisions		7,573,100	13,467,987
- *Provisions*	*16*	*1,313,242*	*1,418,109*
- *Provisions for employee benefits*	*18*	*6,259,858*	*12,049,878*
Other short term liabilities	11	1,922,505	1,888,098
TOTAL SHORT TERM LIABILITIES		**221,983,470**	**206,370,849**
Long term liabilities			
Long term liabilities	13	30,096,548	64,670,898
- *Long term liabilities due to related parties*	*4*	*27,407,166*	*27,642,068*
- *Long term financial liabilities due to other parties*	*13*	*2,689,382*	*37,028,830*
Long term provisions		1,359,717	2,308,106
- *Provisions for employee benefits*	*18*	*1,359,717*	*2,308,106*
Deferred tax liabilities	*25*	21,449,981	16,637,285
TOTAL LONG TERM LIABILITIES		**52,906,246**	**83,616,289**
SHAREHOLDERS' EQUITY			
Equity attributable to owners of the parent		**208,018,271**	**190,137,183**
Share capital	*19*	137,730,842	137,730,842
Repurchased shares	*19*	(4,020,977)	(2,263,322)
Other comprehensive expenses that will not be reclassified to profit or loss		331,168	(107,996)
- *Remeasurement profit/(losses) of defined benefit plans*	*19*	*331,168*	*(107,996)*
Other comprehensive income that will be reclassified to profit or loss		41,388,605	34,899,519
- *Currency translation differences*	*19*	*36,037,396*	*33,813,484*
- *Revaluation gain on financial assets at fair value through other comprehensive income*		*5,351,209*	*1,086,035*
Retained earnings	*19*	19,878,140	24,591,576
Net income/(losses) for the period	*19*	12,710,493	(4,713,436)
Non-controlling interests	**30**	**14,487**	**(81,115)**
TOTAL SHAREHOLDERS' EQUITY		**208,032,758**	**190,056,068**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**482,922,474**	**480,043,206**

(*)Information related to restated financial statements has been disclosed in Note 2.A –(e) "Comparative information and restate of prior year's financial statemens".

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

ÜNLÜ YATIRIM HOLDİNG A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

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

	Notes	Audited 1 January – 31 December 2019	Audited 1 January – 31 December 2018 (*)
PROFIT OR LOSS			
Sales		2,013,924,324	1,853,249,974
- Sales	*20*	*1,834,162,556*	*1,705,175,527*
- Service income	*20*	*181,698,750*	*148,117,667*
- Deductions from services income (-)	*20*	*(1,936,982)*	*(43,220)*
Cost of sales (-)	20	(1,847,026,474)	(1,699,497,684)
Gross profit		**166,897,850**	**153,752,290**
Marketing, selling and distribution expenses (-)	21	(7,291,573)	(4,144,061)
General administrative expenses (-)	21	(127,389,834)	(116,996,769)
Other operating income	22	1,620,996	1,581,962
Other operating expense (-)	22	(134,452)	(1,521,466)
Operating profit		**33,702,987**	**32,671,956**
Share of profit/(losses) of investments accounted for using the equity method	4,7	4,456,829	(23,347,056)
Income from investing activities	23	12,293,554	453,929
Expense from investing activities (-)	23	(4,931,718)	--
Profit before financial expenses		**45,521,652**	**9,778,829**
Financial income	24	54,223,218	78,481,518
Financial expenses (-)	24	(81,075,731)	(93,240,211)
Profit/(loss) before tax from continuing operations		**18,669,139**	**(4,979,864)**
Tax expense from continuing operations			
- Tax expense for the period	25	(1,157,383)	(3,392,455)
- Deferred tax expense/income	25	(4,705,661)	3,701,962
Profit/(loss) from continuing operations		**12,806,095**	**(4,670,357)**
Profit/(loss) attributable to:			
Equity holders of the parent		12,710,493	(4,713,436)
Non-controlling interests		95,602	43,079
Net income/(loss) for the period		**12,806,095**	**(4,670,357)**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss		**439,164**	**(454,758)**
Remeasurement gains of defined benefit plans		548,955	(558,856)
Deferred tax expense		(109,791)	104,098
Items that will be reclassified to profit or loss		**6,489,086**	**13,099,505**
Change in fair value of financial assets at fair value through other comprehensive income		5,410,738	--
Change in fair value of financial assets at fair value through other comprehensive income, tax effect		(1,145,564)	--
Currency translation differences		2,223,912	13,099,505
Other comprehensive income		**6,928,250**	**12,644,747**
Total comprehensive income		**19,734,345**	**7,974,390**
Total comprehensive income attributable to:			
Equity holders of the parent		19,638,743	7,933,785
Non-controlling interests	*30*	95,602	40,605
Total comprehensive income		**19,734,345**	**7,974,390**

(*) Information related to restated financial statements has been disclosed in Note 2.A –(e) "Comparative information and restate of prior year's financial statemens".

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

ÜNLÜ YATIRIM HOLDİNG A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

(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 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	19	99,770,311	--	(75,239,607)	--	--	--	(24,530,704)	--	--	--	--
Transfers	19	--	--	--	--	--	--	19,822,848	(19,822,848)	--	--	--
Changes due to repurchase shares	19	--	(2,263,322)	--	--	--	--	--	--	(2,263,322)	--	(2,263,322)
Net income for the period		--	--	--	--	--	--	--	(4,713,436)	(4,713,436)	43,079	(4,670,357)
Other comprehensive income	19	--	--	--	(452,284)	--	13,099,504	--	--	12,647,220	(2,474)	12,644,746
31 December 2018		**137,730,842**	**(2,263,322)**	**--**	**(107,996)**	**1,086,035**	**33,813,484**	**24,591,576**	**(4,713,436)**	**190,137,183**	**(81,115)**	**190,056,068**
1 January 2019		**137,730,842**	**(2,263,322)**	**--**	**(107,996)**	**1,086,035**	**33,813,484**	**24,591,576**	**(4,713,436)**	**190,137,183**	**(81,115)**	**190,056,068**
Transfers	19	--	--	--	--	--	--	(4,713,436)	4,713,436	--	--	--
Changes due to repurchase shares		--	(1,757,655)	--	--	--	--	--	--	(1,757,655)	--	(1,757,655)
Net income for the period	19	--	--	--	--	--	--	--	12,710,493	12,710,493	95,602	12,806,095
Other comprehensive income	19	--	--	--	439,164	4,265,174	2,223,912	--	--	6,928,250	--	6,928,250
31 December 2019		**137,730,842**	**(4,020,977)**	**--**	**331,168**	**5,351,209**	**36,037,396**	**19,878,140**	**12,710,493**	**208,018,271**	**14,487**	**208,032,758**

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

ÜNLÜ YATIRIM HOLDİNG A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

	Notes	1 January - 31 December 2019	1 January - 31 December 2018 (*)
A. Cash flows (used in)/from operating activities		**(23,792,839)**	**(96,966,665)**
Net profit/(loss) for the period		**12,710,493**	**(4,713,436)**
Profit/ loss from continuing operations		12,710,493	(4,713,436)
Adjustments for to reconcile net income to net cash provided by operating activities			
Adjustments for depreciation and amortization	14,15	5,342,815	1,963,327
Adjustments for provisions		3,810,998	10,138,080
Adjustments for provision for employee benefits		3,915,865	9,949,379
Adjustments for lawsuit provisions	16	(104,867)	188,701
Adjustments for dividend income	23	--	(453,929)
Adjustments for interest income and expenses		(11,252,258)	(14,964,333)
Effect of exchange rate changes on cash and cash equivalents		(2,223,912)	(10,752,058)
Adjustments for increase in investments accounted through equity method	7	--	(1,302,173)
Adjustments for fair value gain/(loss)		(6,386,991)	(5,346,407)
Adjustments for tax expense		5,863,044	2,562,344
Operating profit before changes in assets and liabilities:		**(15,928,650)**	**(22,868,585)**
Adjustments for (increase)/decrease in trade receivables	8	(28,072,546)	(35,539,856)
- Decrease in trade receivables due from related parties	4	*(319,239)*	*(1,469,951)*
- (Increase)/decrease in trade receivables due from other parties	8	*(27,753,307)*	*(34,069,905)*
Adjustments for (increase)/decrease in other receivables	9	19,314,963	(24,453,012)
- Decrease in other receivables due from related parties	4	*70,111*	*3,973*
- (Increase)/decrease in other receivables due from other parties	9	*19,244,852*	*(24,456,985)*
Adjustments for (increase)/decrease in other current assets		(6,195,308)	(4,988,145)
Adjustments for assets ready for sale		(426,085)	--
Adjustments for (decrease)/increase in trade payables		(9,305,337)	782,853
Adjustments for decrease in other payables	9	1,085,939	3,121,781
- Decrease in other payables due to related parties	4	*(893,589)*	*143,490*
- (Decrease)/increase in other payables due to other parties	9	*1,979,528*	*2,978,291*
Adjustments for increase/(decrease) in other liabilities		633,512	1,176,393
Cash flows (used in)/from operating profit			
Employment benefits paid	18	(10,039,234)	(5,171,653)
Taxes paid		1,347,068	(9,026,441)
B. Cash flows used in investing activities			
Dividend received		**17,713,731**	**13,853,777**
Interest received	23	12,293,554	453,929
Change in restricted deposit		10,467,418	15,235,691
Change in financial investments	14	(13,402)	(9,898)
Purchase of property and equipment	15	(4,524,799)	(1,144,716)
Purchase of intangible assets	15	(509,040)	(681,229)
C. Cash flows from/(used in) financing activities		**(6,289,360)**	**23,489,143**
Increase/(decrease) in financial liabilities		(4,024,307)	25,752,465
Cash inflows/outflows from acquisition and sales of interest in a subsidiary		(507,398)	--
Cash outflows from the Company’s purchase its own shares		(1,757,655)	(2,263,322)
D. The effect of change in foreign exchange rates on cash and cash equivalents		**2,549,024**	**23,851,562**
Net increase in cash and cash equivalents (A+B+C+D)		**(9,819,444)**	**(35,772,183)**
E. Cash and cash equivalents at the beginning of the period	5	**91,582,369**	**127,354,552**
Cash and cash equivalents at the end of the period (A+B+C+D+E)	5	**81,762,925**	**91,582,369**

(*) Information related to restated financial statements has been disclosed in Note 2.A –(e) “Comparative information and restate of prior year’s financial statemens”.

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

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"), UNLU 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.

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 Istanbul 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.

In liquidation 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 Istanbul. 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 2019, there are 381 (31 December 2018: 368) employees in the Group.

The consolidated financial statements for the year ended 31 December 2019 were approved by the Board of Directors on 24 April 2020. The General Assembly has the authority to amend the approved this consolidated financial statements.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

A. BASIS OF PRESENTATION

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

Companies, which are subject to independent audit in Turkey, prepare their financial statements in accordance with the Turkish Commercial Code (TCC) and Turkish Accounting Standards ("TAS") promulgated by Public Oversight Accounting and Auditing Standards Authority ("POA"). TCC adjudicates that companies which are subjected to independent audit shall be determined by Council of Ministers. Companies, which shall be subjected to independent audit have been determined with respect to certain measurements such as their size of asset, revenue and employees in accordance with the "Resolution of Council of Ministers on Determining Companies which shall be subjected to Independent Audit" entered into force on 23 January 2014. The Company is in scope of independent audit since it has exceeded the measurements mentioned in the Resolution as of 1 January 2014 and therefore the accompanying financial statements are prepared in accordance with TAS promulgated by POA. TAS consists of Turkish Accounting Standards and accounting standards and Interpretations published as Turkish Financial Reporting Standard and specific and exceptional other standards published by POA and attachment, comment and other regulations regarding the field in question.

The consolidated financial statements and notes of the Group are presented in accordance with the formats provided by POA with the announcement dated 7 June 2019 in Turkish Trade Registry Gazette with numbered 30794, including the compulsory disclosures.

Additional paragraph for convenience translation to English

The differences between the accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying unconsolidated financial statements are to be distributed, and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries other than Turkey and IFRS.

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2019 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2019. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

(i) The new standards, amendments and interpretations which are effective as at 1 January 2019 are as follows:

TFRS 16 Leases

In April 2018, POA has published a new standard, TFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. TFRS 16 supersedes TAS 17 'Leases' and related interpretations and is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted.

Lessees have recognition exemptions to applying this standard in case of short-term leases (i.e., leases with a lease term of 12 months or less) and leases of 'low-value' assets (e.g., personal computers, office equipment, etc.). At the commencement date of a lease, a lessee measures the lease liability at the present value of the lease payments that are not paid at that date (i.e., the lease liability), at the same date recognises an asset representing the right to use the underlying asset (i.e., the right-of-use asset) and depreciates it during the lease term. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. Lessees are required to recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

(i) The new standards, amendments and interpretations which are effective as at 1 January 2019 (Continued):

TFRS 16 Leases (Continued)

Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Under these circumstances, the lessee recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Group has benefited from the facilitation practices provided for leases and low-value leases that will expire in a period of 12 months or less as of the transition date. The standard is effective for annual periods beginning on or after 1 January 2019. The effects of this standard on the financial position and performance of the Group are explained in Note 2, Note 13 and Note 14.

Impact on the statement of financial position (increase/(decrease)) as at 1 January 2019:

Assets

Property, plant and equipment (rights of use) TL 7,298,473

Liabilities

Lease liability TL (7,298,473)

Amendments to TAS 28 Investments in Associates and Joint Ventures (Amendments)

In December 2017, the POA issued amendments to TAS 28 Investments in Associates and Joint Ventures. These amendments clarify to entities applying TFRS 9 Financial Instruments for long-term investments in an associate or joint venture that are part of the net investment in an associate or joint venture.

TFRS 9 Financial Instruments does not include investments in associates and joint ventures accounted for in accordance with TAS 28 Investments in Associates and Joint Ventures. With this amendment, POA clarifies that TFRS 9 excludes only the investments that are accounted for by the equity method. The entity applies TFRS 9 to other investments in associates and joint ventures, including long-term investments that are not accounted for using the equity method and which form part of the net investment in the respective associates and joint ventures.

The amendment is effective for annual periods beginning on or after 1 January 2019. The amendment did not have an impact on the financial position or performance of the Group.

TFRIC 23 Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in "TAS 12 Income Taxes" when there is uncertainty over income tax treatments.

When there is uncertainty over income tax treatments, the interpretation addresses:
(a) whether an entity considers uncertain tax treatments separately;
(b) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
(c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
(d) how an entity considers changes in facts and circumstances.

These amendments are applied for annual periods beginning on or after 1 January 2019. The amendments did not have a significant impact on the financial position or performance of the Group.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

(i) The new standards, amendments and interpretations which are effective as at 1 January 2019 (Continued):

Annual Improvements - 2015–2017 Period

In January 2019, POA issued Annual Improvements to TFRS Standards 2015–2017 Cycle, amending the following standards:

- TFRS 3 Business Combinations and TFRS 11 Joint Arrangements — The amendments to TFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to TFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- TAS 12 *Income Taxes* — The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
- TAS 23 *Borrowing Costs* — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows *generally* when calculating the capitalisation rate on general borrowings.

These amendments are applied for annual periods beginning on or after 1 January 2019. The changes do not apply to the Group and the amendments did not have a significant impact on the financial position or performance of the Group.

Plan Amendment, Curtailment or Settlement" (Amendments to TAS 19)

In January 2019, the POA published Amendments to TAS 19 "Plan Amendment, Curtailment or Settlement" The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs.

These amendments are applied for annual periods beginning on or after 1 January 2019. The amendments did not have a significant impact on the financial position or performance of the Group.

Prepayment Features with Negative Compensation (Amendments to TFRS 9)

The POA issued minor amendments to TFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortised cost. Applying TFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss. Applying the amendments, if a specific condition is met, entities will be able to measure at amortised cost some prepayable financial assets with so-called negative compensation.

These amendments are applied for annual periods beginning on or after 1 January 2019. The changes do not apply to the Group and the amendments did not have a significant impact on the financial position or performance of the Group.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

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

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting financial statements and disclosures, when the new standards and interpretations become effective.

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

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

TFRS 17 - The new Standard for insurance contracts

The PAO issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided.TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted. The amendment does not apply to the Group and will not have an impact on the Group's financial position or performance.

Definition of a Business (Amendments to TFRS 3)

In May 2019, the PAO issued amendments to the definition of a business in TFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to TFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted. The changes do not apply to the Group and the amendments did not have a significant impact on the financial position or performance of the Group.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

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

Definition of Material (Amendments to TAS 1 and TAS 8)

In June 2019, the PAO issued amendments to TAS 1 Presentation of Financial Statements and TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to TAS 1 and TAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

Amendments to TFRS 9, TAS 39 and TFRS 7- Interest Rate Benchmark Reform

The amendments issued to TFRS 9 and TAS 39 which are effective for periods beginning on or after January 1, 2020 provide certain reliefs for 4 fundamental matters in connection with interest rate benchmark reform. These reliefs are related to hedge accounting as follows:

- Highly probable requirement
- Prospective Assessments
- Retrospective Assessments
- Separately identifiable risk components

Reliefs used as a result of amendments in TFRS 9 and TAS 39 is aimed to be disclosed in financial statements based on the amendments made in TFRS 7.

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

Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements. The amendments issued to IAS 1 which are effective for periods beginning on or after 1 January 2022, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

(b) 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.

(c) 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.

(d) Going concern

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

(e) Comparative information and restate of prior year's financial statemens

To allow the determination of financial status and performance trends, the Group's consolidated financial statements have been prepared in comparison with the previous period. The Group has prepared the consolidated statement of financial position as of 31 December 2019, the consolidated statement of financial position according to the use of 31 December 2018 and the 1 January – 31 December 2019 tables in comparison with the accounting period of 1 January – 31 December 2018. Comparative information is restated to comply with the presentation of the financial statements.

Restatements of consolidated statement of financial position as of 31 December 2018:

	Previously Reported	**Restated**		
	31 December 2018	**31 December 2018**	**Effect of restatement**	**Note**
ASSETS				
Cash and cash equilavents	326,760,595	91,816,754	(234,943,841)	A
Prepaid expenses	4,309,318	5,578,014	1,268,696	B
Other current assets	2,321,069	1,052,373	(1,268,696)	B
TOTAL CURRENT ASSETS	**654,782,445**	**419,838,604**	**(234,943,841)**	
TOTAL NON-CURRENT ASSETS	**60,204,602**	**60,204,602**	**-**	
TOTAL ASSETS	**714,987,047**	**480,043,206**	**(234,943,841)**	
SHORT-TERM LIABILITIES				
Trade payables	238,194,584	3,250,743	(234,943,841)	A
- Trade payables due to related parties	*21,589,205*	*3,250,743*	*(18,338,462)*	A
- Trade payables due to other parties	*216,605,379*	--	*(216,605,379)*	A
Other payables	10,122,126	2,378,310	(7,743,816)	C
- Other payables due to related parties	*219,453*	--	*(219,453)*	C
- Other payables due to other parties	*9,902,673*	*2,378,310*	*(7,524,363)*	C
Short term liabilities for employee benefits	--	7,743,816	7,743,816	C
TOTAL SHORT-TERM LIABILITIES	**441,314,690**	**206,370,849**	**(234,943,841)**	
TOTAL LONG-TERM LIABILITIES	**83,616,289**	**83,616,289**	--	
Net income fort he period	(4,713,436)	(4,713,436)	--	
Non-controlling interest	**(81,115)**	**(81,115)**	--	
TOTAL LIABILITIES	**190,056,068**	**190,056,068**	--	
TOTAL EQUITY	**480,043,206**	**480,043,206**	--	

Note A: As of 31 December 2018, bank deposit and trade payables amounting to 234,943,841 TL in "Cash and cash equilavents" and "Trade payables" accounts is derecongnised from financial statements according to TFRS 9 Financial Assets.

Note B: As of 31 December 2018, advances given in "Other current assets" account is reclassified to "Pre-paid expenses" account.

Note C: As of 31 December 2018, short term liabilities in "Other payables" account is reclassifed to "Short-term liabilities for employee benefits" account.

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

(f) Comparative information and restate of prior year's financial statemens (Continued)

Restatements of consolidated statement of profit or loss and other comprehensive income as of 31 December 2018:

	Previosly Reported 31 December 2018	Restated 31 December 2018	Effect of restatement	Note
PROFIT OR LOSS				
- Service income	151,839,887	148,117,667	(3,722,220)	D
- Discounts for service income (-)	(5,286,906)	(43,220)	5,243,686	D
Gross profit	**152,230,824**	**153,752,290**	**1,521,466**	
Other operating expense (-)	--	(1,521,466)	(1,521,466)	D
Operating profit	**32,671,956**	**32,671,956**	**--**	
Income from investing activities	--	453,929	453,929	E
Operation profit before financing income	**9,324,900**	**9,778,829**	**453,929**	
Finance income	78,935,447	78,481,518	(453,929)	E
Net period loss	**(4,670,357)**	**(4,670,357)**	**--**	
Other comprehensive income	**12,644,747**	**12,644,747**	**--**	
Total comprehensive income	**7,974,390**	**7,974,390**	**--**	

Note D: As of 31 December 2018, expected loss provision and doubtful debt provision amounting to 5,243,686 TL in "Discount from services income" account is reclassifed to "Other operating expense" account.

Note E: As of December 2018, dividend income amounting to 453.929 TL in "Financial income" account is reclassifed to "Income from investing activities" account.

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

(g) Comparative information and restate of prior year's financial statemens (Continued)

Restatements of consolidated financial statements cash flow as of 31 December 2018:

	Previosly Reported	Restated		
	31 December 2018	**31 December 2018**	**Effect of restatement**	**Note**
A. Cash flows (used in)/from operating activities	**(91,620,258)**	**(96,966,665)**	**(5,346,407)**	
Net profit/(loss) for the period	**(4,713,436)**	**(4,713,436)**	--	
Adjustments for to reconcile net income to net cash provided by operating activities:	**(17,522,178)**	**(22,868,585)**	**(5,346,407)**	
Adjustments for (decrease)/increase in trade payables	782,853	155,634,406	154,851,553	H
Adjustments for (decrease)/increase in other liabilities	1,176,393	(153,675,160)	(154,851,553)	H
Adjustments for (decrease)/increase in fair value	--	(5,346,407)	(5,346,407)	J
B. Cash flows from/(used in) investing activities	**8,507,370**	**13,853,777**	**5,346,407**	
Changes in financial investments	(5,346,407)	--	5,346,407	J
C. Cash flows from/(used in) financing activities	**23,489,143**	**23,489,143**	--	
D. The effect of changes in exchange rates on cash and cash equivalents	**23,851,562**	**23,851,562**	--	
Net increase in cash and cash equivalents (A+B+C+D)	**(35,772,183)**	**(35,772,183)**	--	
E. Cash and cash equivalents at the beginning of the period	**127,354,552**	**127,354,552**	--	
Cash and cash equivalents at the end of the period (A+B+C+D+E)	**91,582,369**	**91,582,369**	--	

Note H: As of 31 December 2018, bank deposits and trade payables amounting to 234,943,841 TL in "Cash and cash equilavents" and "Trade payables" accounts is derecongnised from financial statements according to TFRS 9 Financial Assets.

Note J: As of 31 December 2018, cash outflow amounting to 5.346.407 TL in "Changes in financial investments" account is reclassifed to "Adjustments for (decrease)/increase in fair value" account.

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 2019 period.

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies followed in the preparation of consolidated financial statements are summarized as follows.

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. 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.

The table below shows all subsidiaries and other companies within the scope of consolidation, and provides their share ratios as of 31 December 2019 and 2018:

			Final share ratio	
Name of the company	**Country**	**Main activity and service line**	**31 December 2019**	**31 December 2018**
Subsidiaries				
ÜNLÜ Menkul Değerler A.Ş. ("Ünlü Menkul") [1]	Turkey	Intermediary services	100.00%	100.00%
ÜNLÜ Portföy Yönetimi A.Ş. ("Ünlü Portföy")	Turkey	Portfolio management	100.00%	100.00%
Du Finansal Danışmanlık Hizmetleri A.Ş. ("DU Finans") [2]	Turkey	Financial consultancy	100.00%	100.00%
Plato Finansal Danışmanlık Servisleri A.Ş. ("Plato Finans") [2]	Turkey	Financial consultancy	98,21%	94.81%
İstanbul Varlık Yönetim A.Ş. ("İstanbul Varlık") [2]	Turkey	Asset management	100.00%	100.00%
UNLU Securities Inc. ("Ünlü Securities") [1]	U.S.A	Intermediary services	100.00%	100.00%
UNLU Securities UK Limited ("ÜNLÜ Securities") [1]	UK	Intermediary services	100.00%	--
In Liquadition Mena Finansal Yatırımlar A.Ş. ("Mena Finans")	Turkey	Financial consultancy	74.99%	74.99%
UNLU Alternative Asset Management Ltd. ("UAAM")	Isle of Man	Financial consultancy	100.00%	100.00%
Turkish Alternative Investments Limited ("TAIL") [3]	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				
ÜNLÜ LT Investments Limited Partnership ("ÜNLÜ LT") [3] [4]	Guernsey	Private equity	4.76%	4.76%

(1) ÜNLÜ Menkul has 100% share in UNLU Securities Inc and UNLU Securities UK Limited.

(2) İstanbul Varlık has 98.21% share of Plato Finans and 100% share of DU Finans. Plato Finansal Danışmanlık Servisleri A.Ş. has transferred 238.000 shares of the company on 31 June 2019 owned by its shareholder Tahir Selçuk Tuncalı to the İstanbul Varlık Yönetim A.Ş. through its endorsement, together with all kinds of rights and obligations.

(3) TAIL owns 4.76% share of ÜNLÜ LT (31 December 2018: 4.76%).

(4) ÜNLÜ LT, presents its financial investments with fair value in its financial statements.

Financial status tables, profit or loss and other comprehensive income tables of all subsidiaries are fully consolidated and the carrying values of the subsidiaries owned by the Company are netted with the shareholder's capital.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

Subsidiaries (Continued)

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". The difference between the net present value of estimated future cash flows and the carrying value of loan portfolios is recognized in the income statement as "other operating income/expense".

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. 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) Financial assets

The Group shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade date accounting or settlement date accounting. Purchase and sale transactions of securities are accounted at the settlement date. The classification of financial instruments at initial recognition depends on the contractual conditions and the relevant business model. Except for the assets in the scope of TFRS 15 Revenue from contracts with customers, at initial recognition, the Bank measures financial asset or financial liabilities at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit/loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

On which category a financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group's financial assets and liabilities within the scope of TFRS 9 are shown below:

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit/loss are financial assets that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and measured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial assets (Continued)

Financial Assets at Fair Value Through Other Comprehensive Income:

Financial assets at fair value through other comprehensive income are financial assets other than those classified as trade and other receivables, investment securities held to maturity and financial assets at fair value through profit or loss. Financial assets at fair value through other comprehensive income are measured at fair value subsequent to their initial recognition. However, if the fair value of available for sale investment securities cannot be reliably measured, then those Financial assets at fair value through other comprehensive income with fixed maturity are measured at amortised cost by using effective interest rate model and those available for sale investment securities without fixed maturity are measured by using fair value pricing models or discounted cash flow techniques. Unrecognized gains or losses derived from the changes in fair value of financial assets at fair value through other comprehensive income and the difference between their fair value and the discounted values calculated per effective interest rate method are recorded in "Fair value reserve" under equity. At the disposal of available for sale investment securities, value increases/decreases recorded in the fair value reserve under equity are transferred to profit or loss.

Financial assets measured at amortized cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost. Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

Financial assets to be valued at cost

Financial assets measured at cost consist of long-term financial assets whose fair value cannot be reliably assessed. These assets are measured at their cost. Group shares that are not quoted in the stock exchange and whose value cannot be measured reasonably is expected to be held in the long term are shown under this item.

Impairment / expected loss provision for financial assets

The Group calculates and recognizes provision for expected losses for life by applying the simplified method to all financial assets except the fair value difference reflected to profit / loss. At each reporting date, it is assessed whether there has been a significant increase in the credit risk of the financial instrument within the scope of impairment since the first time it is included in the financial statements. This assessment takes into account the change in the default risk of the financial instrument. The expected loss allowance estimate is unbiased, weighted by probabilities and includes supportable information about past events, current circumstances and forecasts for future economic conditions.

For all financial assets, except for trade receivables where the carrying amount is reduced through the use of a provision account, the impairment loss is directly deducted from the carrying amount of the financial asset. If the trade receivable cannot be collected, the amount is deducted from the provision account. Changes in the allowance account are recognized in profit or loss for the period. If the impairment loss is reduced in the following period, except for the equity instruments at fair value through the other comprehensive income, and the decrease can be attributed to an event occurring after the impairment loss is recognized, the impairment loss that was previously recognized is not accounted for when the impairment loss is never recognized. it is canceled in the income statement.

Any increase in the fair value of equity instruments at fair value through profit or loss is recognized directly in equity.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) 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.

(e) 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).

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

In accordance with the "Financial Assets" ("TFRS 9"); 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.

(g) 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. Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset.

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.

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) 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
Lease assets	2-3 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.

(i) 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.

(j) 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.

(k) 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 2019, foreign currency at the end of the period for EUR transactions is TL 6.6506, for USD transactions, it is TL 5.9402, for GBP transactions, it is TL 7.7765 (31 December 2018: EUR: 6.0280, USD: 5.2609, GBP: 6.6528).

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.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Foreign exchange transactions (Continued)

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 36,037,396 is recognized in "Currency translation differences" account under the equity in the balance sheet (31 December 2018: TL 33,813,485 foreign currency gain).

(l) 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.

(m) 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.

If there is a decrease in the value of assets acquired through financial leasing and the expected future benefit from the assets is lower than the book value of the asset, the leased assets are valued with their net realizable value. Depreciation is calculated for assets acquired through financial lease in accordance with the principles applied for tangible fixed assets.

Summary of new accounting policies

The following are the new accounting policies of the Group on the application of TFRS 16:

Right to use assets

The Group recognizes the right-of-use assets on the date the lease commences (for example, as of the date when the asset is eligible for use). Right of use assets are calculated by deducting accumulated depreciation and impairment losses from the cost value. If the financial lease payables are revalued, this figure is corrected.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Finance leases (where the Group is "lessee") (Continued)

The cost of the right-of-use asset includes:

(a) the initial measurement of the lease obligation,
(b) the amount obtained by deducting all lease incentives received from all lease payments made on or before the effective date of the lease, and
(c) all initial direct costs incurred by the Group.

Unless the transfer of the underlying asset to the Group at the end of the lease term is reasonably finalized, the Group depreciates the right of use from the effective date of the lease to the end of the useful life of the underlying asset. Right-of-use assets are subject to impairment assessment.

Leasing Obligations

The Group measures the lease obligation at the present value of the unpaid lease payments on the date that the lease commences.

Lease payments included in the measurement of the lease obligation on the date that the lease actually commences consists of the following payments to be made for the right of use of the underlying asset during the lease period and not paid on the actual lease date:

(a) Fixed payments,
(b) Variable lease payments based on an index or rate, the first measurement made using an index or rate on the actual date of the lease.
(c) Amounts expected to be paid by the Group under residual value commitments
(d) the use price of this option and, if the Group is reasonably certain that it will use the
(e) fines for termination of the lease if the lease shows that the Group will use an option to terminate the lease.

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggered the payment occurred.

The Group revises the revised discount rate for the remainder of the lease term, if the implicit interest rate in the lease can be easily determined; the Group 's alternative borrowing interest rate at the date of the revaluation.

After the effective date of the lease, the Group measures the lease obligation as follows:

(a) increase the carrying amount to reflect the interest on the lease obligation; and
(b) Decreases the carrying amount to reflect the lease payments made.

In addition, in the event of a change in the lease term, in essence a change in fixed lease payments or a change in the assessment of the option to buy the underlying asset, the value of the lease obligations is remeasured.

The right of use calculated for leasing agreements is accounted under "Property, plant and equipment" account.

The interest expense on the lease obligation is accounted under "Finance expenses" and the depreciation expense of the usage right asset is accounted under "Depreciation expenses and Amortization" account.

The duration of the agreements related to operating leases and the discount rates applied are as follows:

Assets subject to operational leasing	Contract Period (Year)	Discount Rate (%)
Buildings	1-2 year	TL – 27.31
Buildings	1-2 year	GBP – 0.75
Vehicles	1-2 year	EUR – 3.79

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) 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 Group adjusts its consolidated financial statements if such subsequent events arise which require an adjustment to the financial statements (Note 31).

(o) 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).

(p) 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.

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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.

(s) 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

(t) 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).

(u) 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).

(v) 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).

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. 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 UNLU 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 2019 and 2018, segment reporting is prepared based on the brokerage, portfolio management activities and consultancy services.

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

3 SEGMENT REPORTING (Continued)

31 December 2019	**Brokerage, corporate finance and portfolio management services**	**Asset management consultancy and services**	**Private equity**	**Investment holding services**	**Elimination s (*)**	**Total**
Sales	1,828,554,861	12,988,646	--	--	(7,380,951)	1,834,162,556
Service income	54,433,956	99,724,568	--	27,540,226	--	181,698,750
Deductions from services income (-)	(1,634,544)	--	--	(302,438)	--	(1,936,982)
Cost of sales (-)	(1,825,856,803)	(21,169,671)	--	--	--	(1,847,026,474)
Gross profit/(loss)	**55,497,470**	**91,543,543**	**--**	**27,237,788**	**(7,380,951)**	**166,897,850**
General administrative, marketing, selling and distribution expense	(74,175,342)	(48,675,816)	(306,684)	(19,256,053)	7,732,488	(134,681,407)
Other operating income/expenses, net	726,884	738,010	--	373,187	(351,537)	1,486,544
Operating profit/(loss)	**(17,950,988)**	**43,605,737**	**(306,684)**	**8,354,922**	**--**	**33,702,987**
Share of profit/(loss) of investment accounted through equity method	--	--	4,451,398	5,431	--	4,456,829
Income from operation activities	--	--	--	12,293,554	--	12,293,554
Expense from operating activities	--	--	--	(4,931,718)	--	(4,931,718)
Profit/(loss) before financial expenses	**(17,950,988)**	**43,605,737**	**4,144,714**	**15,722,189**	**--**	**45,521,652**
Financial income	34,147,929	3,430,662	14,731	15,089,823	1,540,073	54,223,218
Financial expenses	(33,635,680)	(34,371,440)	1,548,648	(13,077,186)	(1,540,073)	(81,075,731)
Profit/(loss) before tax from continuing operations	**(17,438,739)**	**12,664,959**	**5,708,093**	**17,734,826**	**--**	**18,669,139**
Tax expense	(147,561)	--	--	(1,009,822)	--	(1,157,383)
Deferred tax income/(expense)	2,078,111	(5,468,281)	--	(1,315,491)	--	(4,705,661)
Net profit/(loss) from continuing operations	**(15,508,189)**	**7,196,678**	**5,708,093**	**15,409,513**	**--**	**12,806,095**
Other comprehensive income/(expense)	**1,158,749**	**1,679,231**	**(6,977)**	**4,097,247**	**--**	**6,928,250**
Total comprehensive income/(expense)	**(14,349,440)**	**8,875,909**	**5,701,116**	**19,506,760**	**--**	**19,734,345**
Operating segment assets (31 December 2019)	**118,753,171**	**230,410,462**	**23,125,971**	**158,906,950**	**(48,274,080)**	**482,922,474**
Operating segment liabilities (31 December 2019)	**45,059,460**	**182,640,508**	**26,655,758**	**58,225,374**	**(37,691,384)**	**274,889,716**

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

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	60,831,401	75,006,943	688	16,245,591	(3,966,956)	148,117,667
Deductions from services income	(43,220)	-	--	--	--	(43,220)
Cost of sales	(1,692,409,030)	(7,088,654)	--	--	--	(1,699,497,684)
Gross profit/(loss)	**62,904,511**	**78,568,456**	**688**	**16,245,591**	**(3,966,956)**	**153,752,290**
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	(39,787)	--	112,283	(164,890)	60,496
Operating profit/(loss)	**(6,749,468)**	**36,321,633**	**(194,230)**	**3,294,021**	**-**	**32,671,956**
Income from investing activities	--	--	--	453,929	--	453,929
Share of profit of investment accounted through equity method	--	--	(23,347,056)	--	--	(23,347,056)
Profit/(loss) before financial expenses	**(6,749,468)**	**36,321,633**	**(23,541,286)**	**3,747,950**	**--**	**9,778,829**
Financial income	49,043,417	1,265,710	35,587	34,647,452	(6,510,648)	78,481,518
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	**8,009,365**	**13,471,308**	**(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	**5,101,864**	**12,542,379**	**(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)	**5,521,876**	**15,891,767**	**(16,163,964)**	**2,724,711**	**--**	**7,974,390**
Operating segment assets (31 December 2018)	**156,944,434**	**200,208,552**	**18,806,849**	**205,734,019**	**(101,650,647)**	**480,043,207**
Operating segment liabilities (31 December 2018)	**80,469,562**	**155,210,264**	**28,037,752**	**54,028,907**	**(27,759,347)**	**289,987,138**

(*) As of 31 December 2019, TL 7,380,951 consists of financial consultancy income / expenses (31 December 2018: TL 3,966,956) and TL 1,540,073 dividend income / expense (31 December 2018: TL 6,510,648).

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

4 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a) Balances with related parties

	31 December 2019	31 December 2018
Financial investments		
Financial assets at fair value through profit or loss (Note 6)		
- ÜNLÜ Portföy Hisse Senedi Fonu [(1)]	3,001,249	499,412
- ÜNLÜ Portföy Üçüncü Değişken Fon [(1)]	2,653,295	2,685,862
- ÜNLÜ Portföy İkinci Serbest Fon [(1)]	1,403,413	1,728,192
- ÜNLÜ Portföy İkinci Değişken Fon [(1)]	411,100	--
- ÜNLÜ Portföy Üçüncü Serbest Fon [(1)]	156,249	869,026
- ÜNLÜ Portföy Mutlak Getiri Hedefli Serbest Fon [(1)]	104,120	--
Total	**7,729,426**	**5,782,492**
Financial assets at fair value through other comprehensive income (Note 6)		
- 212 Capital Partners I Coöperatief U.A. [(2)]	5,628,667	2,291,436
- 212 Limited (Cayman Island) [(2)]	5,674	5,674
Total	**5,634,341**	**2,297,110**
Investments accounted through equity method (Note 7)		
- ÜNLÜ LT [(1)]	23,002,892	18,546,063
Total	**23,002,892**	**18,546,063**
Receivables		
Trade receivables (Note 8)		
- ÜNLÜ Portföy İkinci Gayrimenkul Yatırım Fonu [(1)]	1,631,095	1,536,386
- ÜNLÜ Portföy Birinci Gayrimenkul Yatırım Fonu [(1)]	462,930	330,885
- SICAR [(2)]	72,173	--
- ÜNLÜ LT Investments Limited [(1)]	71,579	105,418
- ÜNLÜ Portföy Dördüncü Serbest Fon [(1)]	48,923	12,294
- ÜNLÜ Portföy Birinci Değişken Fon [(1)]	43,916	10,055
- ÜNLÜ Portföy Para Piyasası Fonu [(1)]	30,445	--
- ÜNLÜ Portföy Beşinci Serbest Özel Fon [(1)]	23,079	--
- ÜNLÜ Portföy Mutlak Getiri Hedefli Serbest Fon [(1)]	7,597	27,138
- ÜNLÜ Portföy Hisse Senedi Fonu [(1)]	6,444	2,887
- ÜNLÜ Portföy İkinci Değişken Fon [(1)]	3,526	6,171
- ÜNLÜ Portföy Üçüncü Değişken Fon [(1)]	3,253	3,136
- ÜNLÜ Portföy İkinci Serbest Fon [(1)]	3,023	2,856
- ÜNLÜ Portföy Üçüncü Serbest Fon [(1)]	1,288	1,065
- ÜNLÜ Private Equity II LP [(1)]	--	50,452
- ÜNLÜ Portföy Kısa Vadeli Borçlanma Araçları Fonu [(1)]	--	1,289
Total	**2,409,271**	**2,090,032**

(1) Investment funds that managed by Group's subsidiary.
(2) Group's subsidiary.

(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 2019	31 December 2018
Assets held for sale and disposal groups (Note 12)		
- SICAR [(*)(2)]	41,189,917	46,121,636
Total	**41,189,917**	**46,121,636**
Other receivables (Note 9)		
- Receivables from personnel	223,770	313,543
- ÜNLÜ Portföy Üçüncü Gayrimenkul Yatırım Fonu [(1)]	19,614	--
- ÜNLÜ Portföy Kısa Vadeli Borçlanma Araçları Fonu [(1)]	48	--
Total	**243,432**	**313,543**
Liabilities		
Financial liabilities (Note 13)		
- Standard Bank South Africa [(3)]	43,071,975	50,491,676
Total	**43,071,975**	**50,491,676**
Short term other payables (Note 9)		
- Payables to personnel	1,096,798	219,453
- Borsa İstanbul A.Ş. [(2)]	281,001	--
Total	**1,377,799**	**219,453**

(*) Refer to Note 12.
(1) Investment funds that managed by Group's subsidiary.
(2) Group's subsidiary.
(3) Group's indirect shareholder.

(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 2019	1 January – 31 December 2018
Income from related parties		
Service income (Commission Income)		
- ÜNLÜ Portföy İkinci Gayrimenkul Yatırım Fonu [1]	1,553,424	1,456,297
- ÜNLÜ Portföy Birinci Gayrimenkul Yatırım Fonu [1]	440,883	315,128
- ÜNLÜ Portföy Dördüncü Serbest Fon [1]	287,705	150,767
- ÜNLÜ Portföy Birinci Değişken Fon [1]	205,903	94,632
- ÜNLÜ Portföy Beşinci Serbest Özel Fon [1]	202,096	--
- ÜNLÜ Portföy Mutlak Getiri Hedefli Serbest Fon [1]	196,035	309,943
- ÜNLÜ Portföy Para Piyasası Fonu [1]	167,500	--
- ÜNLÜ Portföy Hisse Senedi Fonu [1]	47,288	10,702
- ÜNLÜ Portföy İkinci Değişken Fon [1]	41,820	140,533
- ÜNLÜ Portföy İkinci Serbest Fon [1]	34,415	64,081
- ÜNLÜ Portföy Üçüncü Değişken Fon [1]	33,916	62,321
- ÜNLÜ Portföy Kısa Vadeli Borçlanma Araçları Fonu [1]	22,264	1,471
- ÜNLÜ Portföy Üçüncü Serbest Fon [1]	13,608	14,358
Total	**3,246,857**	**2,620,233**
Income from investing activities (Dividend income)		
- SICAR [2]	8,881,806	--
- 212 Capital Partners [2]	3,206,139	--
- 212 Limited [2]	--	134,226
Total	**12,087,945**	**134,226**
Income/ (expense) from investments accounted through equity method		
- ÜNLÜ LT [1]	4,456,829	(1,157,608)
- SICAR [2] [*]	--	(22,189,448)
Total	**4,456,829**	**(23,347.056)**
Expense from investing activities (decrease in value)		
- SICAR [2] [*]	(4,931,718)	--
Total	**(4,931,718)**	**--**

(*) Refer to Note 12.
(1) Investment funds that managed by Group’s subsidiary.
(2) Group’s subsidiary.

(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 2019	1 January - 31 December 2018
Expenses to related parties		
Financial expenses		
- Standard Bank South Africa [3]	1,963,073	2,049,943
Total	**1,963,073**	**2,049,943**

[3] Group's subsidiary.

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 2019, the total amount of salary and other benefits provided to the top management by the Group is TL 24,885,922 (1 January - 31 December 2018: TL 23,314,041).

5 CASH AND CASH EQUIVALENTS

	31 December 2019	31 December 2018
Cash	12,018	23,492
Cash at banks	76,149,058	81,971,425
- Demand deposit	*33,169,172*	*30,424,423*
- Time deposit	*42,979,886*	*51,547,002*
Futures and options market guarantees	*3,057,161*	1,097,938
Receivables from reverse repurchase agreements [1]	2,912,423	826,036
Receivables from the money market [2]	--	7,897,863
Total	**82,130,660**	**91,816,754**

[1] As of 31 December 2019, the maturity of reverse repurchase agreements amounting to TL 192,166 is less than one month and the average interest rate of reverse repurchase agreements is 16,99% (31 December 2018: TL 616,567; 13.05%); the maturity of reverse repurchase agreements amounting to TL 2,720,257 is less than a month and the interest rate of reverse repurchase agreements is 10% (31 December 2018: TL 209,469; 11%).

[2] As of 31 December 2019, there is no receivables from the money market agreements (31 December 2018: 29 January 2019, 23,80%).

(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 2019 and 2018 by deducing interest accruals and customer deposits:

	1 January - 31 December 2019	**1 January - 31 December 2018**
Cash and cash equivalents	82,130,660	91,816,754
Interest accruals (-)	(270,080)	(150,132)
Restricted deposit (-)	(97,655)	(84,253)
Total	**81,762,925**	**91,582,369**

As at 31 December 2019 and 2018, the interest rates and maturity of the time deposits are as follows:

	31 December 2019			**31 December 2018**		
Currency	**Original amount**	**Amount (TL)**	**Interest rate (%)**	**Original amount**	**Amount (TL)**	**Interest rate (%)**
TL	7,798,723	7,798,723	5.25-25.00	14,670,992	14,670,992	6.75-24.50
USD	5,269,811	31,303,731	0.10-4.60	5,869,291	34,864,762	1.25-5.25
EUR	583,020	3,877,432	0.10-6.00	302,416	2,011,248	2.00
Total		**42,979.886**			**51,547,002**	

6 FINANCIAL INVESTMENTS

Short term financial investments

	31 December 2019	**31 December 2018**
Financial assets at fair value through profit or loss	18,024,020	27,985,130
Financial assets at fair value through other comprehensive income	5,634,341	2,297,110
Total	**23,658,361**	**30,282,240**

As at 31 December 2019 and 2018, financial assets at fair value through profit or loss are as follows:

	31 December 2019			**31 December 2018**		
	Nominal	**Fair value**	**Interest rate (%)**	**Nominal**	**Fair value**	**Interest rate (%)**
Investment funds	227,255,031	7,729,426	--	223,490,129	5,782,492	--
Private sector cooperate bonds	7,107,749	7,088,647	4,00-23,10	9,540,000	16,739,935	15,03-19,27
Eurobonds	2,169,000	2,316,867	1,35-28,5	--	--	--
Government bonds	--	--	--	3,512,956	5,462,703	23,00
Stock certificates	105,200	889,080	--	--	--	--
Total		**18,024,020**			**27,985,130**	

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

6 FINANCIAL INVESTMENTS (Continued)

Short term financial investments (Continued)

As at 31 December 2019 and 2018, securities given as collateral are as follows (Note 16):

	31 December 2019		31 December 2018	
	Nominal	**Fair value**	**Nominal**	**Fair value**
CMB	--	--	3,512,956	5,462,703
Total	**--**	**--**	**3,512,956**	**5,462,703**

As at 31 December 2019 and 2018, details of financial assets at fair value through other comprehensive income are as follows:

	31 December 2019		31 December 2018	
	Share (%)	**Share amount (TL)**	**Share (%)**	**Share amount (TL)**
212 Capital Partners I Coöperatief U.A. (1)	3,31	5,628,667	3,31	2,291,436
212 Limited (Cayman Island)	32,50	5,674	32,50	5,674
		5,634,341		**2,297,110**

(1) As of 31 December 2019, 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. Until 2019, 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 970,000 totally between January, 2011 and 20 January 2018 (January 31, 2018: Until 2018, 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 970,000 totally between January 2011 and 20 January 2018. 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) (Note 16).

Long term financial investments

	31 December 2019	31 December 2018
Financial assets at fair value through other comprehensive income		
Shares certificate not listed on the stock market	1,517,254	2,651,763
-Borsa İstanbul A.Ş. ("BİST") (1)	*1,517,254*	*1,517,254*
-UNLU Securities UK Limited (2)	--	*1,134,509*
Total	**1,517,254**	**2,651,763**

(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 31 December 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 20 June 2018. As of 31 December 2019, the Company's capital is GBP 640,000. 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. As of 14 February 2019, the Company obtained an operating license and treated as subsidiary.

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

7 INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Investments in associates

	31 December 2019	31 December 2018
ÜNLÜ LT [1]	23,002,892	18,546,063
Total	**23,002,892**	**18,546,063**

[1] As of 31 December 2019, 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 (2018: USD 6,000,000) corresponding to 4.76% (2018: 4.76%) of total commitments. TAIL has made total payments of USD 5,166,666 as of 31 December 2019 (2018: USD 5,166,666) (Note 16).

		31 December 2019	31 December 2018
Associates	**Main activity**	**Share %**	**Share %**
ÜNLÜ LT	Private equity	4.76	4.76

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

	31 December 2019	31 December 2018
Financial investments	472,734,775	380,592,912
Cash and cash equilavents	10,476,172	9,154,247
Other assets	77,240	--
Trade and other payables	(341,520)	(279,856)
Net assets	**482,946,667**	**389,467,303**
Share in net assets of the associate	23,002,892	18,546,063
Total share of the Company in the net assets of the subsidiaries	**23,002,892**	**18,546,063**

	1 January - 31 December 2019	1 January - 31 December 2018
Increase/(decrease) in value of financial assets	91,208,930	(31,783,761)
Other income/(expense)	(394,273)	4,073,251
Net income/(loss) for the period	**90,814,657**	**(27,710,510)**

	1 January - 31 December 2019	1 January - 31 December 2018
At the beginning of the period	**18,546,063**	**13,124,219**
Share of the profit/(loss)	4,322,778	(1,319,020)
Additional share acquisition	134,051	6,740,864
Total change in the associate in accordance with equity method	**4,456,829**	**5,421,844**
Period end	**23,002,892**	**18,546,063**

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

8 TRADE RECEIVABLES AND PAYABLES

	31 December 2019	31 December 2018
Short term trade receivables		
Receivables to be liquidated [1]	182,098,126	154,480,174
Receivables on consultancy services	1,463,189	1,685,566
Receivables on consultancy services	*1,463,189*	*1,685,566*
Doubtful trade receivables	*1,633,065*	*1,566,980*
Expected credit loss	*(1,633,065)*	*(1,566,980)*
Receivables from customers on credit [2]	30,582,531	25,088,917
Receivables from leveraged buy and sell transactions	1,295,006	6,781,780
Trade receivables due from related parties (Note 4)	2,409,271	2,090,032
Other	437,820	272,961
Total	**218,285,943**	**190,399,430**

(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 2019, 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 3,421,387,000 from banks and other financial institutions operating within Turkey for TL 299,706,572. As of 31 December 2019, the carrying value of non-performing loans is TL 182,098,126 and no impairment identified (31 December 2018: TL 154.480.174).

(2) As of 31 December 2019, the interest rate applied by The Group to the loans given to the customers is between 28.38% and 14.38% (31 December 2018: 42.51%-27.00%). As of 31 December 2019, the Group has received a collateral amounting to TL 101,584,217 which is the fair value of the loans granted by the customers (31 December 2018: TL 64,449,115).

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

	31 December 2019
Expected credit losses	
Beginning of the period	1,566,980
Collections in the period	--
Provision amount for the period	66,085
End of the period	**1,633,065**

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

	31 December 2019	31 December 2018
Short term trade payables		
Miscellaneous payables	1,187,301	2,593,782
Other trade payables	48,146	656,961
Total	**1,235,447**	**3,250,743**

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

9 OTHER RECEIVABLES AND PAYABLES

	31 December 2019	31 December 2018
Short term other receivables		
Guarantees given to Trade Tech Alpha LTD and IG Markets LTD	15,488,185	39,762,639
Other deposits and guarantees given	10,030,665	4,874,674
Guarantees given to Derivatives Market	628,318	655,357
Other receivables due from related parties (Note 4)	243,432	313,543
Other	33,249	150,004
Total	**26,423,849**	**45,756,217**
Other long term receivables		
Deposits and guarantees given	142,729	125,324
Total	**142,729**	**125,324**

	31 December 2019	31 December 2018
Other short term payables		
Other payables to suppliers	3,946,524	1,909,232
Value Added Tax payables ("VAT")	606,388	399,700
Other payables to related parties (Note 4)	281,001	--
Other	134,299	69,378
Total	**4,968,212**	**2,378,310**

	31 December 2019	31 December 2018
Short term liabilities for employee benefits		
Tax and fund payables	4,426,238	6,576,972
Social security premium payables	1,046,190	947,391
Payables to employees (Note 4)	1,096,798	219,453
Total	**6,569,226**	**7,743,816**

10 PREPAID EXPENSES

	31 December 2019	31 December 2018
Short term prepaid expenses		
Advances given [1]	8,123,491	5,065,859
Prepaid expenses [2]	3,814,541	512,155
Total	**11,938,032**	**5,578,014**

(1) Advances given consists of work advances given to lawyers whom following cases related to non-performing loans.

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

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

11 OTHER ASSETS AND LIABILITIES

	31 December 2019	31 December 2018
Other current assets		
Deposits given	887,663	1,052,372
Total	**887,663**	**1,052,372**
Other short term liabilities		
Expense accruals [1]	1,872,788	1,888,098
Other	49,717	--
Total	**1,922,505**	**1,888,098**

(1) Expense accruals consists of return of found management fees.

12 ASSETS HELD FOR SALE AND DISPOSAL GROUPS

	31 December 2019	31 December 2018
Assets held for sale [1]	3,531,140	3,105,054
Disposal groups [2]	41,189,917	46,121,636
Total	**44,721,057**	**49,226,690**

(1) TL 3,531,140 of assets held for sale consists of the vehicles and real estates acquired during the collection of loans by İstanbul Varlık (31 December 2018: TL 3,105,054).

(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 and it is into liquadition process as of 31. December 2019. 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 as its stated in note 2.C and still holding.

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

	31 December 2019	31 December 2018
Assets held for sale and disposal groups		
Beginning of the period	49,226,690	2,859,441
Sales made during the period	--	--
Purchases during the period	426,085	245,613
Impairment	(4,931,718)	--
Transfer [1]	--	46,121,636
Total	**44,721,057**	**49,226,690**

(1) Since SICAR is expected to complete its activities within the expected period, the related amount is classified under "Assets classified as held for sale and groups of assets to be disposed of" on the financial statements dated 31 December 2018.

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

13 FINANCIAL LIABILITIES

	31 December 2019	31 December 2018
Short term financial liabilities		
Borrowings	171,100,404	105,335,166
Financial liabilities due to related parties (Note 4)	15,664,809	22,849,608
Reserve collaterals for leveraged buy and sell transactions	6,619,058	15,876,271
Structured debt instruments ("SDI") (1)	2,483,599	10,872,966
Financial lease obligations	2,162,067	394,610
Payables to Money Markets (2)	--	22,313,274
Total	**198,029,937**	**177,641,895**
Long term financial liabilities		
Financial liabilities due to related parties (Note 4)	27,407,166	27,642,068
Financial lease obligations	2,689,382	--
Borrowings	--	37,028,830
Total	**30,096,548**	**64,670,898**

(1) Within the scope of issue certificate dated 26 September 2019 approved by CMB on 26 September 2019 and decision numbered 53/1250, 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 150,000,000 (Hundred million Turkish Liras) by the Group's subsidiary ÜNLÜ Menkul Değerler A.Ş. are as follows:

(2) As of 31 December 2019, there is no payables to Money Markets (31 December 2018: payables to Money Markets have maturity less than one month and interest rate is 23.65%).

ISIN Code	Issue date	Issued nominal amount	Book value	Redemption date	Sales method	Coupon period
TR0DUUM017E4	26 September 2019	2,465,000	2,483,599	15 January 2020	Qualified investor	Paid at maturity
Total		**2,465,000**	**2,483,599**			

Details of borrowings are as follows:

	31 December 2019			31 December 2018		
Currency of borrowings	**Original amount**	**Amount in TL**	**Interest rate (%)**	**Original amount**	**Amount in TL**	**Interest rate (%)**
TL	171,100,404	171,100,404	15.15-32.75	142,363,996	142,363,996	16.95-25.38
USD	7,250,930	43,071,975	4.25	9,597,536	50,491,676	4.18
Total		**214,172,379**			**192,855,672**	

Details of financial lease obligations are as follows:

	31 December 2019	31 December 2018
Financial lease obligations		
Up to 1 year	2,162,067	394,610
1 to 3 years	2,689,382	--
Total	**4,851,449**	**394,610**

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

14 PROPERTY AND EQUIPMENT

31 December 2019	Office equipment	Furniture and fixtures	Other tangible asset	Leasehold improvements	Right of use[1]	Total
Net book value, 1 January 2019	1,991,315	382,761	371,527	961,782	7,298,473	11,005,858
Additions	956,120	2,356,442	--	1,212,237	--	4,524,799
Disposals (net)	(8,432)	--	--	--	--	(8,432)
Depreciation charge	(586,565)	(364,812)	(81,772)	(217,040)	(3,347,541)	(4,597,730)
Net book value	**2,352,438**	**2,374,391**	**289,755**	**1,956,979**	**3,950,932**	**10,924,495**
Cost	7,492,349	5,951,668	628,666	3,202,796	7,298,473	24,573,952
Accumulated depreciation	(5,139,911)	(3,577,277)	(338,911)	(1,245,817)	(3,347,541)	(13,649,457)
Net book value	**2,352,438**	**2,374,391**	**289,755**	**1,956,979**	**3,950,932**	**10,924,495**

31 December 2018	Office equipment	Furniture and fixtures	Other tangible asset	Leasehold improvements	Right of use	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**

(1) Consist of right of use of buildings and vehicles are related to financial lease subject to TFRS 16 Leases standart.

As at 31 December 2019 and 2018, there is no restriction or mortgage on the Group's tangible assets.

15 INTANGIBLE ASSETS

A. OTHER INTANGIBLE ASSETS

	1 January 2019	Additions	Disposals	31 December 2019
Cost	4,447,568	509,040	--	4,956,608
Accumulated amortization	(3,024,501)	(745,085)	--	(3,769,586)
Net book value	**1,423,067**	**(236,045)**	**--**	**1,187,022**

	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**

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

15 INTANGIBLE ASSETS (Continued)

B. GOODWILL

Goodwill in accounting is an intangible asset that arises when a buyer acquires an existing business. Goodwill represents assets that are not separately identifiable. Under TFRS, goodwill is never amortized, because it is considered to have an indefinite useful life. Instead, management is responsible for valuing goodwill every year and to determine if an impairment is required. Impairment provisions in goodwill are not canceled. Gains or losses resulting from the disposal of the business also include the book value of the goodwill associated with the business sold.

i. 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.

ii. As of 1 November 2012, the Company purchased 100% of UNLU 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.

iii. 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.

The acquisition transaction is accounted in consolidated financial statements by purchasing method in accordance with TFRS 3 Business Combinations Standard. As a result of the related recognition, goodwill amounting to TL 29.198.326 was recognized in the consolidated financial statements.

The Group applies an impairment test to the assets recorded as goodwill items on each 31 December. The impairment test is based on a 6-year TRY based projection between 1 January 2020 and 31 December 2025. Five-year discount rate used in future cash flow estimations has been determined as 20% in the calculation model of the fair value. As of 31 December 2019, 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 has been identified.

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

16 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

(i) Short term provisions

	31 December 2019	31 December 2018
Provisions for lawsuits[1]	1,313,242	1,418,109
Total	**1,313,242**	**1,418,109**

[1] As of 31 December 2019 provisions for lawsuits amounting to TL 1,313,242 (31 December 2018: TL 1,418,109) consists of provisions for reemployment lawsuits.

Provision for lawsuits movement for the period ended 31 December 2019 and 2018 is as follows:

	31 December 2019	31 December 2018
Provision for lawsuits		
Beginning of the period	1,418,109	1,229,408
Provision for the period	74,784	188,701
Reversal provision for the period	(179,651)	--
End of the period	**1,313,242**	**1,418,109**

(ii) Assets kept on behalf of customers

	31 December 2019	31 December 2018
Investment funds	2,109,954,056	2,527,614,265
Common stocks	1,795,110,601	1,812,225,013
Private sector cooperate bond, treasury bills and government bonds	178,325,000	194,420,000
Structured debt instruments	6,875,000	600,000
Eurobond	7,061,000	4,335,000
Warrant	89,947	17,300

(iii) Letter of guarantees given

	31 December 2019	31 December 2018
Istanbul Settlement and Custody Bank Inc, money market deposit	31.000.000	26.500.000
Collateral provided to IG Markets LTD for the leverage trading	8.910.300	7.891.350
Collateral provided to courts and directorate of bailiff and execution	819.064	819.064
Collateral given to Turk Telekomunikasyon A.Ş.	18.200	18.200
Collateral for CMB brokerage operations	1.776	1.776
Transaction collateral for ISE bonds and bills market	--	750.000
İstanbul Takas ve Saklama Bankası A.Ş. Merkezi collateral guarantee	--	12.000.000

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

16 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

(iv) Securities given as collaterals

	31 December 2019		31 December 2018	
	Nominal value	**Fair value**	**Nominal value**	**Fair value**
CMB	--	--	3,512,956	5,462,703
Total	**--**	**--**	**3,512,956**	**5,462,703**

(v) Contingent liabilities

As of 31 December 2019, 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 2019, 212 Capital Partners I Coöperatief U.A. made a commitment payment and ÜNLÜ Yatırım Holding A.Ş. started to payment in January 2011 until 20 January 2018 totally USD 970,000 (Dcember 31. 2018: 212 Capital Partners I Coöperatief U.A. made a commitment payment and ÜNLÜ Yatırım Holding A.Ş. started to payment in January 2011 until 20 January 2018 totally USD 970,000).

As of 31 December 2019, 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 (2018: USD 6,000,000) corresponding to 4.76% (2018: 4.76%) of total commitments. TAIL has made total payments of USD 5,166,666 as of 31 December 2019 (Note 7) (2018: USD 5,166,666) (Note 6).

17 CONTINGENCIES AND COMMITMENTS

Explanations regarding derivatives

31 December 2019					
Contract definition	**Maturity**	**Position**	**Number of contracts**	**Settlement price**	**Nominal value**
F_USDTRY0120 (LONG) (Future)	31 January 2020	Long	900	6.0007	5,400,630
F_USDTRY0220 (LONG) (Future)	31 January 2020	Long	1000	6.0376	6,037,775
Net pozisyon					**11,438,405**

31 December 2018					
Contract definition	**Maturity**	**Position**	**Number of contracts**	**Settlement price**	**Nominal value**
F_USDTRY0119 (SHORT) (Future)	31 January 2019	Short	65	5.38	349,590
O_USDTRYKE0119C5700 (SHORT) (Future)	31 January 2019	Short	182	65.40	11,903
Net position					**361,493**

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

18 PROVISION FOR EMPLOYEE BENEFITS

	31 December 2019	31 December 2018
Short term employee benefits		
Bonus provision	3,035,137	7,969,306
Unused vacation provision	3,224,721	4,080,572
Total	**6,259,858**	**12,049,878**
Long term employee benefits		
Provision for employment termination benefits	1,359,717	2,308,106
Total	**1,359,717**	**2,308,106**

The Group 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 Group on the condition that the requirements of the said agreement are met.

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 2019	31 December 2018
Discount rate (%)	3,86	5.00
Turnover rate to estimate the probability of retirement (%)	84,43	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 6,380 which is valid since 1 July 2019 (31 December 2018: TL 5,434).

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

18 PROVISION FOR EMPLOYEE BENEFITS (Continued)

Provisions for employment termination benefits (Continued)

Movements in the bonus provision for the year ended 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Beginning of the period	7,969,306	4,463,970
Change during the period	3,035,137	7,969,306
Disposals from subsidiaries sales transaction (-)	(7,969,306)	(4,463,970)
End of the period	**3,035,137**	**7,969,306**

Movements in the provision for unused vacation for the year ended 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Beginning of the period	4,080,572	3,048,248
Provision during the period	75,490	1,412,159
Payment during the period (-)	(931,341)	(379,835)
End of the period	**3,224,721**	**4,080,572**

Movements in the provision for employment termination benefits for the year ended 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Beginning of the period	2,308,106	1,637,521
Service cost	431,059	318,686
Interest cost	308,094	249,150
Actuarial gain/(loss)	(548,955)	558,856
Transfers	--	(128,259)
Payment during the period (-)	(1,138,587)	(327,848)
End of the period	**1,359,717**	**2,308,106**

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

19 SHAREHOLDERS' EQUITY

Share capital

As of 31 December 2019 and 2018, share capital structure of the parent Company is as follows:

	31 December 2019		31 December 2018	
Name of the shareholder	**Amount (TL)**	**Share (%)**	**Amount (TL)**	**Share (%)**
Mahmut Levent Ünlü	116,104,446	84.2981	116,104,446	84.2981
The Wellcome Trust Ltd. as Trustee of the Wellcome Trust	13,498,188	9.8004	13,498,188	9.8004
Standard Bank Group Ltd.	6,078,838	4.4136	6,078,838	4.4136
ÜNLÜ Yatırım Holding A.Ş.	717,843	0.5212	417,158	0.3029
Simge Ündüz (1)	343,943	0.2497	306,860	0.2228
Tahir Selçuk Tuncalı (1)	340,251	0.2470	145,131	0.1054
İbrahim Romano (1)	230,405	0.1673	190,045	0.1380
Can Ünalan (1)	172,010	0.1249	283,821	0.2061
Utku Özay (1)	54,421	0.0395	9,071	0.0066
Ayşe Akkın Çakan (1)	45,350	0.0329	27,212	0.0198
Cevdet Uygar Aksoy (1)	36,300	0.0263	27,212	0.0198
Sema Argın (1)	36,282	0.0263	27,212	0.0198
Mustafa Sönmez (1)	36,281	0.0263	18,141	0.0132
Mediha Esra Korkmazarslan (1)	36,280	0.0263	27,212	0.0198
Kamil Attila Köksal (2)	4	0.0000	4	0.0000
Kağan Çevik	--	--	165,881	0.1204
Tunç Yıldırım	--	--	160,006	0.1162
Mehmet Sait Sezgin	--	--	113,728	0.0826
Mehmet Batur Özyar	--	--	85,322	0.0619
Tuncay Kuli	--	--	27,212	0.0198
Burak Dedeler	--	--	9,071	0.0066
Kemal Kerem Göktan	--	--	9,071	0.0066
Total	**137,730,842**	**100.00**	**137,730,842**	**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 ÜNLÜ Yatırım Holding A.Ş. and has a pledge of the Company over them, are purchased.

Within this scope, in 2019 the Company repurchase 1,128,395 shares worth TL 5,302,944 on behalf of Group employees and issues 947,070 shares worth TL 3,545,290, 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 shareholder Kamil Attila Köksal, which have a nominal value of TL 1, are not within the scope of the bonus policy described above.

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, Kagan Çevik, Tunç Yıldırım, Mehmet Batur Özyar, Simge Ündüz, Can Ünalan, 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 29 June 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.

19 SHAREHOLDERS' EQUITY (Continued)

Share capital (Continued)

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.

Share premium

As of 31 December 2019, 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

The Company re-purchases its own shares that it sold to the group employees who deserve under the "Long Term Incentive Procedure" from the shareholders. These shares are referred to as repurchased shares by the Group. Amounts related to these transactions are presented in the "Change due to repurchase transactions" in the consolidated statement of changes in equity. In case the shares recorded as capital are bought back, the purchase price including the amount of the costs associated with the repurchase after deducting the tax effect is recognized as a decrease in equities.

The fair value of the repurchased shares is TL 4,020,977 as of the statement of financial position (31 December 2018: TL 2,263,322).

Other comprehensive income

Due to on TAS 19 standard, the Group has actuarial loss amounting to TL 331,168 (31 December 2018: TL 107,996 actuarial gain) of net tax comes from employee termination benefit provision.

Currency translation profit amounting to net TL 36,037,396 (31 December 2018: TL 33,813,485 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. TL 27,144,601 of foreign currency translation differences consists of foreign exchange increases occurring in SICAR Fund (31 December 2018: TL 27,144,601). The relevant amount will be classified in the income statement of the period as of the date the fund is liquidated.

Retained earnings

As of 31 December 2019, retained earnings of the Group are TL 19,878,140 (31 December 2018: TL 24,591,576).

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

20 SALES AND COST OF SALES

	1 January – 31 December 2019	1 January – 31 December 2018
Sales	**1,834,162,556**	**1,705,175,527**
Sales of government bonds	1,467,118,899	1,069,142,060
Sales of common stocks	307,249,650	513,094,746
Sales of financial bonds	52,382,600	107,906,529
Consultancy income	5,542,963	10,650,167
Sales of investment funds	1,531,158	4,310,275
Sales of lease certificates	252,186	--
Covered warrants	85,100	71,750
Service income	**181,698,750**	**148,117,667**
Interest income from loans [(1)]	105,647,586	62,094,092
Domestic corporate finance income	33,759,690	36,456,880
Commission on sales of common stocks	8,332,421	31,478,446
Profit due from forex transactions	4,270,289	6,238,202
Foreign corporate finance income	12,838,617	3,183,519
Commission on Viop transactions	3,417,154	1,398,466
Commission on customer derivative transactions	2,927,447	183,086
Portfolio management income	3,246,857	1,198,019
Commission on custody transactions	745,540	1,063,482
Repo and reverse repo commission	793,273	58,031
Other service income	5,719,876	4,765,444
Deductions from services income (-)	**(1,936,982)**	**(43,220)**
Commission expense (-)	(1,634,544)	--
Sales returns (-)	(302,438)	(43,220)
Financial sector operations income	**2,013,924,324**	**1,853,249,974**
Cost of government bonds (-)	(1,464,824,625)	(1,067,929,126)
Cost of common stocks (-)	(307,540,435)	(513,442,924)
Cost of financial bonds (-)	(52,033,383)	(107,310,788)
Cost of investment funds (-)	(1,206,174)	(3,726,192)
Cost of consulting services personnel (-)	(21,169,671)	(7,088,654)
Cost of lease certificates (-)	(252,186)	--
Financial sector operations cost (-)	**(1,847,026,474)**	**(1,699,497,684)**
Gross profit from financial sector operations	**166,897,850**	**153,752,290**

[(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).

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

21 EXPENSES BY NATURE

	1 January – 31 December 2019	1 January – 31 December 2018
Marketing, sales and distribution expenses		
Marketing and distribution expenses	5,733,406	3,152,931
Representation expenses	789,446	195,627
Advertisement and publicity expenses	768,721	795,503
Total	**7,291,573**	**4,144,061**
General administrative expenses		
Personnel expenses	76,466,838	66,497,554
Attorney, consultancy and audit expenses	14,137,851	17,751,360
Tax and sundry expenses	13,343,653	8,663,633
Depreciation and amortization expenses (Note 14 and 15)	5,342,815	1,963,327
Data line rental expense	4,656,008	4,407,154
Information technology expenses	2,329,354	1,900,545
Office building administrative expenses	1,655,010	1,158,075
Travel expenses	1,588,623	2,731,045
Communication expenses	1,313,957	1,041,687
Rent expenses	1,089,218	3,670,175
Vehicle expenses	150,629	654,351
Other general administrative expenses	5,315,878	6,557,863
Total	**127,389,834**	**116,996,769**

22 OTHER OPERATING INCOME AND EXPENSE

	1 January – 31 December 2019	1 January – 31 December 2018
Other operating income		
Reversal of prior period provisions	803,999	864,495
Social security premium grants	315,889	--
Other service income	501,108	717,467
Total	**1,620,996**	**1,581,962**
Other operating expense		
Provision for expected credit losses	66,085	1,521,466
Other	68,367	--
Total	**134,452**	**1,521,466**

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

23 INCOMES AND EXPENSES FROM INVESTING ACTIVITIES

	1 January – 31 December 2019	1 January – 31 December 2018
Income from investing activities		
Dividend income	12,293,554	453,929
Total	**12,293,554**	**453,929**
Expense from investing activities		
Impairment loss	(4,931,718)	--
Total	**(4,931,718)**	**--**

24 FINANCIAL INCOMES AND EXPENSES

	1 January – 31 December 2019	1 January – 31 December 2018
Foreign exchange gain	35,455,777	60,020,423
Interest income	10,347,470	14,964,333
Derivative market operations income	4,761,384	1,719,486
Investment securities income rediscounts	3,658,587	1,777,276
Total	**54,223,218**	**78,481,518**

	1 January – 31 December 2019	1 January – 31 December 2018
Interest expenses (1)	38,792,348	27,157,835
Foreign exchange losses	32,525,113	48,447,595
Investment securities expense rediscounts	2,726,143	1,482,110
Interest expenses paid to Money Markets	1,872,356	1,646,560
Option trading expenses	1,685,043	3,747,269
Repo interest expenses	1,143,189	1,482,110
Issued debt instruments interest expenses	825,708	7,470,673
VİOB operations losses	309,052	1,102,370
Other financial expenses	1,196,779	703,689
Total	**81,075,731**	**93,240,211**

(1) Interest expenses include TL 33,676,210 (31 December 2018: TL 23,797,043) of borrowing interest expenses that are used for financing of receivables to be liquidated of the Company’s direct subsidiary İstanbul Varlık.

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

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% (2018: 20%) for 2019. 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% (2018: 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 2019	**1 January – 31 December 2018**
Current year tax expense	(1,157,383)	(3,392,455)
Deferred tax income/(expense)	(4,705,661)	3,701,962
Total tax income/(expense)	**(5,863,044)**	**309,507**

(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 2019 and 31 December 2018, calculated using the enacted tax rates, are as follows:

	Temporary differences		**Deferred tax assets/(liabilities)**	
	31 December 2019	**31 December 2018**	**31 December 2019**	**31 December 2018**
Tax deductible previous years' losses	30,766,627	59,212,207	6,639,410	13,003,607
Provision for employment termination benefit and vacation pay liability	4,584,438	5,971,674	969,528	1,267,875
Expense accruals	18,505	42,415	4,070	9,331
Lawsuit provision	1,313,242	1,395,530	262,649	307,017
ECL for doubtful receivables	1,633,065	1,566,980	326,613	344,736
Other	137,851	27,103	30,327	5,961
Deferred tax assets			**8,232,597**	**14,938,527**
Loans and receivables valuation differences	88,690,205	88,059,778	17,738,482	17,611,638
Profit from investments activities	31,171,429	39,885,364	6,857,714	8,774,778
Value increase in financial assets	5,012,214	1,357,543	902,954	271,509
Valuation differences in derivative insturments	1,524,954	553,011	335,490	121,662
Difference between tax base and carrying value of tangible and intangible assets	648,565	1,175,717	131,046	235,296
Other	424,842	37,527	93,018	8,255
Deferred tax liabilities			**26,058,704**	**27,023,138**
Net-off			**(17,826,107)**	**(10,385,853)**
Deferred tax assets			**3,623,874**	**4,552,674**
Deferred tax liabilities			**21,449,981**	**16,637,285**

Movement of deferred tax assets and liabilities as of 31 December 2019 and 2018 is as follows:

	2019	**2018**
Beginning of the period January,1	(12,084,611)	(13,021,217)
Recongined in income statement	(4,705,661)	3,701,962
Recognised in other comphrensive income	(1,035,835)	(2,765,356)
End of the period December, 31	**(17,826,107)**	**(12,084,611)**

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

25 TAX ASSETS AND LIABILITIES (Continued)

The reconciliation of current tax expense and profit for the period is as follows:

	31 December 2019	**31 December 2018**
Profit/(loss) before tax	18,669,139	(4,979,864)
Theoretical income tax at the applicable tax rate of 22% (2018: 22%)	(4,107,211)	1,095,570
Current period tax losses on which no deferred tax is calculated	240,646	102,432
Recognition of previously unrecognised tax losses	(357,393)	(187,473)
Derecognition of previously recognised tax losses	(2,744,649)	(794,548)
Non-deductible expenses	(722,550)	(425,799)
Effect of change in tax rate and other	1,828,113	519,325
Current year tax expense	**(5,863,044)**	**309,507**

As of 31 December 2019, İstanbul Varlık, subsidiary to the Company, has TL 18,662,529 accumulated losses. As of 31 December 2019, tax deductible losses and last deduction dates of İstanbul Varlık are as follows:

	Carry forward tax losses[1]	**Last deduction date**
2015	17,508,585	31 December 2020
2016	1,153,944	31 December 2021
Total	**18,662,529**	

(1) As of 31 December 2019, İstanbul Varlık calculated deferred tax asset amounting TL 4,083,000 over its financial losses amounting to TL 18,662,529.

As of 31 December 2019, ÜNLÜ Menkul Değerler, subsidiary to the Company, has TL 12,104,098 accumulated losses. As of 31 December 2019, tax deductible losses and last deduction dates of İstanbul Varlık are as follows:

	Carry forward tax losses[1]	**Last deduction date**
2018	774,197	31 December 2023
2019	11,329,901	31 December 2024
Total	**12,104,098**	

(2) As of 31 December 2019, ÜNLÜ Menkul Değerler calculated deferred tax asset amounting TL 2,556,410 over its financial losses amounting to TL 12,104,098.

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

25 TAX ASSETS AND LIABILITIES (Continued)

Deferred tax that is not recognised in the financial statements

As of 31 December 2019, 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 2019, Plato Finans subsidiary of the Company has TL 3.920.076 accumulated losses. As of 31 December 2019, Plato Finans's tax losses carried forward and last deduction date is as follows:

	Carry forward tax losses [1]	Last deduction date
2015	1,378,014	31 December 2020
2016	2,419,712	31 December 2021
2017	122,350	31 December 2022
Total	**3,920,076**	

[1] As of 31 December 2019, Plato Finans, had considered its work plan, and calculated that it will not utilize its financial loss in the following years, amounting to TL 3,920,076. Thus, deferred tax is not recognised on relating accumulated tax losses as of 31 December 2019 (31 December 2018: TL 5,222,330).

As of 31 December 2019, DU Finans subsidiary of the Company has TL 3,133,283 accumulated losses. As of 31 December 2019, 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
2019	903,610	31 December 2024
Total	**3,133,283**	

[1] As of 31 December 2019, DU Finans, had considered its work plan, and calculated that it will not utilize its financial loss in the following years, amounting to TL 3,133,283. Thus, deferred tax is not recognised on relating accumulated tax losses as of 31 December 2019 (31 December 2018: TL 2,229,673).

As of 31 December 2019, Mena Finance, subsidiary of the Company, has TL 31,708 accumulated losses. As of 31 December 2019, Mena Finance's tax losses carried forward and last deduction dates are as follows:

	Carry forward tax losses[1]	Last deduction date
2016	3,465	31 December 2021
2017	23,526	31 December 2022
2018	4,717	31 December 2023
Total	**31,708**	

[1] As of 31 December 2019, Mena Finance, had considered its work plan, and calculated that it will not utilize its financial loss in the following years, amounting to TL 31,708. Thus, deferred tax is not recognised on relating accumulated tax losses as of 31 December 2019. (31 December 2018: TL 32,221).

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

26 EARNINGS PER SHARE

Earnings per share are calculated through division of net profit to weighted average number of shares:

	31 December 2019	31 December 2018
Basic		
1. Profit from operations attributable to owners of the parent	12,710,493	(4,713,436)
2. Weighted average number of ordinary shares in issue	137,730,842	137,730,842
3. Earnings per share	**0.092**	**(0.034)**

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.

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

27 FINANCIAL RISK MANAGEMENT (Continued)

(i) *Information on credit risk (continued)*

	Receivables					
	Trade receivables		Other receivables			
31 December 2019	**Related parties**	**Other parties**	**Related parties**	**Other parties**	**Bank deposits [1]**	**Financial investments [2]**
Maximum credit risk exposure as of the financial statements date (A+B+C+D)	**2,409,271**	**215,876,672**	**243,432**	**26,180,417**	**82,118,642**	**18,024,020**
Maximum credit risk under guaranteed through net collateral, or etc.						
A. Net carrying value of financial assets which are neither impaired nor overdue	2,409,271	217,509,737	243,432	26,180,417	82,118,642	18,024,020
B. Net carrying value of impaired assets collateralized portion of the net exposure	--	--	--	--	--	--
C. Net book value of assets exposed to impairment loss	--	1,633,065	--	--	--	--
- Overdue (gross book value)	--	--	--	--	--	--
- Impairment loss (-)	--	*1,633,065*	--	--	--	--
- 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	--	--	--	--	--	--

	Receivables					
	Trade receivables		Trade receivables			
31 December 2018	**Related parties**	**Other parties**	**Related parties**	**Other parties**	**Bank deposits [1]**	**Financial investments [2]**
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**	**91,793,262**	**27,985,130**
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	189,876,378	313,543	45,442,674	91,793,262	27,985,130
B. Net carrying value of impaired assets collateralized portion of the net exposure	--	--	--	--	--	--
C. Net book value of assets exposed to impairment loss	--	1,566,980	--	--	--	--
- Overdue (gross book value)	--	--	--	--	--	--
- Impairment loss (-)	--	*1,566,980*	--	--	--	--
- 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	--	--	--	--	--	--

(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.

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

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 2019, the Group have TL 3,209,997 receivables from derivative instruments and 1,685,043 payables from derivative instruments (31 December 2018: TL 553,011). 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 2019 and 31 December 2018:

31 December 2019	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	221,507,427	27,153,332	43,214,294	130,089,217	53,337,508	--	**253,794,351**
Trade payables	1,235,447	86,391	1,149,056	--	--	--	**1,235,447**
Other payables	6,890,717	2,820,827	4,069,890	--	--	---	**6,890,717**
Total	**229,633,591**	**30,060,550**	**48,433,240**	**130,089,217**	**53,337,508**	**--**	**261,920,515**
Financial derivative instruments	**167,264,914**	117,120,466	20,422,558	29,721,890	--	--	**167,264,914**
Total	**396,898,505**	**147,181,016**	**68,855,798**	**159,811,107**	**53,337,508**	**--**	**429,185,429**

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	114,353,070	23,996,031	35,687,818	75,992,426	--	**250,029,345**
Trade payables	3,250,743	3,250,743	--	--	--	--	**3,250,743**
Other payables	12,010,224	1,059,962	--	10,950,262	--	--	**12,010,224**
Total	**257,573,760**	**118,663,775**	**23,996,031**	**46,638,080**	**75,992,426**	**-**	**265,290,312**
Financial derivative instruments	51,320,330	51,320,330	--	--	--	--	**51,320,330**
Total	**308,894,090**	**169,984,105**	**23,996,031**	**46,638,080**	**75,992,426**	**--**	**316,610,642**

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

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 2019 and 31 December 2018 in original currency and total TL equivalents are as follows:

	31 December 2019				31 December 2018			
	TL equivalent	**USD**	**EURO**	**GBP**	**TL equivalent**	**USD**	**EURO**	**GBP**
Cash at banks	46,361,090	7,151,736	583,020	118	32,700,717	5,869,291	302,416	--
Trade receivables	1,690,600	65,180	195,985	--	2,645,474	256,241	206,974	7,482
Other assets	21,590,408	3,373,519	223,007	8,732	39,862,597	7,577,144	--	--
Total assets	**69,642,098**	**10,590,435**	**1,002,012**	**8,850**	**75,208,787**	**13,702,676**	**509,390**	**7,482**
Trade payables	44,988	--	--	5,785	982,027	--	--	147,611
Financial liabilities	46,000,537	7,465,710	198,501	42,767	50,555,837	9,597,536	--	9,644
Other liabilities	645,943	108,741	--	--	--	--	--	--
Total liabilities	**46,691,468**	**7,574,451**	**198,501**	**48,552**	**51,537,864**	**9,597,536**	**--**	**157,255**
Receivables from financial derivative instruments	178,836,608	13,969,340	14,133,665	239,000	--	--	--	--
Payables from financial derivative instruments	237,641,448	23,136,762	14,787,518	239,000	51,320,330	1,053,198	7,594,486	--
Off-balance sheet derivative instruments' net asset/(liability) position	**(58,804,840)**	**(9,167,422)**	**(653,853)**	**--**	**(51,320,330)**	**(1,053,198)**	**(7,594,486)**	**--**
Net foreign currency asset/(liability) position	**(35,854,210)**	**(6,151,438)**	**149,658**	**(39,702)**	**(27,649,407)**	**3,051,942**	**(7,085,096)**	**(149,773)**

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

27 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Information on market risk (Continued)

Foreign currency risk (Continued)

Foreign currency sensitivity analysis

	Profit/loss		Shareholders' equity	
31 December 2019	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
10% change in USD foreign currency rate				
1. USD net asset/(liability)	(3,654,078)	3,654,078	(3,654,078)	3,654,078
2. Hedged portion against USD risk (-)				
3. Net effect of USD (1+2)	**(3,654,078)**	**3,654,078**	**(3,654,078)**	**3,654,078**
10% change in EUR foreign currency rate				
4. EUR net asset/(liability)	99,531	(99,531)	99,531	(99,531)
5. Hedged portion against EUR risk (-)				
6. Net effect of EUR (4+5)	**99,531**	**(99,531)**	**99,531**	**(99,531)**
10% change in GBP foreign currency rate				
7- GBP net asset/(liability)	(30,875)	30,875	(30,875)	30,875
8- Hedged portion against GBP risk (-)				
9- Net effect of GBP (7+8)	**(30,875)**	**30,875**	**(30,875)**	**30,875**
TOTAL (3+6+9)	**(3,585,422)**	**3,585,422**	**(3,585,422)**	**3,585,422**

	Profit/loss		Shareholders' equity	
31 December 2018	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
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**

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

27 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Information on market risk (Continued)

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.

Interest rate profile

	31 December 2019	31 December 2018
Fixed rate financial instruments		
Financial assets		
Financial assets at fair value through profit or loss		
Investment securities held for trading	--	14,337,502
Eurobonds	2,316,867	--
Time deposits and receivables from reverse repurchase agreements	48,949,470	61,368,839
Financial liabilities		
Financial liabilities	179,478,623	142,758,606
Payables to Money Markets	--	22,313,274
Floating rate financial instruments		
Financial assets		
Financial assets at fair value through profit or loss		
Private sector bonds	7,088,647	7,865,136
Financial liabilities		
Financial liabilities	46,164,263	50,491,676
Structured debt instruments	2,483,599	10,872,966

The profit before tax of the Group from the financial asset valuation will decrease by TL 415,592 (31 December 2018: TL 534,995) and increase by TL 415,592 (31 December 2018: TL 534,995) in the case of 100 basis point decrease/increase in TL market interest rates with all other factors remaining constant as of 31 December 2019.

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

27 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Information on market risk (Continued)

Price risk

As at 31 December 2019, there is no common stocks in Group's portfolio, measured at fair value through profit or loss (31 December 2018: 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.

28 DERIVATIVE INSTRUMENTS

As of 31 December 2019 and 31 December 2018 details of derivative instruments are follows:

	31 December 2019		31 December 2018	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Swap operations	2,076,853	(1,265,731)	553,011	--
Forward operations	915,524	(391,036)	--	--
Option operations	217,620	(28,276)	--	--
Total	**3,209,997**	**(1,685,043)**	**553,011**	**--**

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 Group 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 Group 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.

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

29 FINANCIAL INSTRUMENTS (Continued)

Fair value of the financial instruments (Continued)

The fair values and carrying values of financial assets and liabilities of the Group are as follows:

	31 December 2019		31 December 2018	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets				
Banks	76,149,058	76,149,058	316,915,266	316,915,266
Trade receivables	218,285,943	225,752,007	190,399,430	195,348,094
Financial investments	25,175,615	25,175,615	32,934,003	32,934,003
Other receivables	26,566,578	26,566,578	45,881,541	45,881,541
Financial liabilities				
Financial liabilities	228,126,485	226,525,727	226,436,522	224,688,722

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 2019	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	8,618,506	9,405,514	--	**18,024,020**
Financial assets at fair value through other comprehensive income (1)	--	7,151,595	--	**7,151,595**
Derivative instruments	--	1,524,954	--	**1,524,954**

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

(1) BİST shares classified by the Group as financial assets at fair value through other comprehensive income are valuated based on the bid price declared by BİST and are shown in Level 2. In addion, 212 Capital Partners is classified in Level 2.

(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 2019					
Mena Finans	25.00%	128	20,049	--	--
Plato Finans	1.79%	95,474	(5,562)	--	--
Total		**95,602**	**14,487**	**--**	**--**
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 SUBSEQUENT EVENTS

The recent outbreak of Coronavirus, a virus causing potentially deadly respiratory tract infections originating in China and spreading in various jurisdictions, may negatively affect economic conditions regionally as well as globally, disrupt operations situated in countries particularly exposed to the contagion. The ultimate severity of the Coronavirus outbreak is uncertain at this time and therefore the Group cannot reasonably estimate the impact on Group's operations.

ÜNLÜ Menkul Değerler A.Ş. which is the direct subsidiary of the Company increased the capital of its subsidiary UNLU Securities Inc., located in New York, USA, by USD 60,000 to USD 1,570,000 dated on 28 April 2020.

ÜNLÜ Menkul Değerler A.Ş. which is the direct subsidiary of the Company increased the capital of its subsidiary UNLU Securities UK Limited, located in London, UK, by GBP 180,000 to GBP 820,000 dated on 31 January 2020.

On 11 March 2020, it has been decided that the company will participate in the capital increase of “Otsimo Bilişim Anonim Şirketi” with a total of TL 97,500 for 555 shares of 1 (One) Turkish Lira each. The capital increase was registered on 3 April 2020 and has been announced on April 7, 2020 in Turkey Trade Registry Gazette numbered 10053. The company's capital share in “Otsimo” is 0.71%.