



# Renowned for Success

**ÜNLÜ & CO** 2016 ANNUAL REPORT



# Ambitious Targets...



Always stretching the boundaries of success  
with 21 years of experience.

Expanding to the Middle East and North Africa,  
with the aim of becoming the leading investment  
bank in the region.

ÜNLÜ & Co recently obtained its brokerage license  
in New York, the finance capital of the world.

This makes ÜNLÜ & Co the only Turkish  
finance group to engage in investment banking  
services in the United States.



# Performance...



Always maintained  
our high level of performance for both our  
corporate and individual clients.

Established a unique presence  
in our industry with our diverse product  
range, service quality and reliable  
client-centered approach.

Despite market uncertainties typical in  
emerging markets, we have  
maintained steady growth  
throughout the years.





# Expertise...



Our performance last year was recognized by Euromoney's the "Turkey's Best Investment Bank" award a confirmation of the excellent service quality and expertise ÜNLÜ & Co provides in investment banking at world-class standards.





# Commitment...



Always committed to add value to the society with various social responsibility initiatives.

In 2016, we continued to support art and artists initiatives and in true entrepreneurial spirit, we founded ÜNLÜ & Co Women Entrepreneurs Academy.

We continue to touch the lives of individuals and contribute to social life by focusing on entrepreneurship support for women and education.



Special work prepared by Seçkin Pirim for the 20<sup>th</sup> anniversary year.

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We left behind a year  
full of success.

**Now, bigger targets lie ahead  
for our company, our country,  
and our region...**

## Corporate Profile

# We offer the **full range of investment banking services and products** in Turkey.



**Turkey's investment banking services and asset management group – ÜNLÜ Yatırım Holding A.Ş. (ÜNLÜ & Co) – continues to generate value for the Turkish financial sector and its stakeholders. The Company features a strong identity, pioneering market position, distinctive corporate culture and a successful business model that it has meticulously built over the course of 20 years.**

### **Turkey's Leading Investment Banking Services and Asset Management Group**

Founded in 1996 as an independent financial advisory firm, ÜNLÜ & Co has become Turkey's leading investment banking services and asset management group thanks to its successful organic and inorganic growth strategies. With its visionary nature, robust financial structure, professional staff, and strong technological infrastructure, the company offers corporate finance, investment advisory, brokerage and asset management services, all under one roof.

With over 300 employees, ÜNLÜ & Co provides world-class services to a large client portfolio consisting of institutional and select individual investors. The company is a full-fledged investment bank that delivers a wide range of services and products in Turkey. It is committed to seeking the best interests of its clients and providing the highest level of client satisfaction.

### **Global "Know-How" and a Business Model Based on Domestic Market Experience**

ÜNLÜ & Co has acquired global know-how in investment banking via the long-term business partnerships and strategic alliances it has established with institutional investors around the world. The company expands its global reach through its representations and subsidiaries with local presence in the finance capitals of the world. ÜNLÜ & Co works tirelessly to expand its knowledge of the international investor profile and to evolve with changing investment trends.

ÜNLÜ & Co closely monitors Turkey's economy and Turkish companies' operating in diverse industries. The company applies an efficient business model in all service areas by effectively combining its global know-how and domestic market experience. These advantages differentiate ÜNLÜ & Co from the competition while reinforcing its renown as a trustworthy business partner.

### **Foreign Investor's Choice of Priority and High Brand Awareness**

ÜNLÜ & Co has achieved success for more than 20 years in advisory services in areas that include mergers and acquisitions, public offerings, and privatizations. The company has also forged strong partnerships between its corporate client base and global funding sources. As a result, ÜNLÜ & Co has earned a well-deserved reputation not only domestically but also internationally.

ÜNLÜ & Co boasts experience in all sectors within the realm of financial advisory services in Turkey. It is the first stop for foreign companies, portfolio managers and fund institutions planning to invest in Turkey's capital markets and Turkish companies.

### **A Strong Corporate Culture Enabling Continuous Success**

The core components of ÜNLÜ & Co's 20-year corporate success include: client dedication, entrepreneurship, group synergy, determination, teamwork, expertise and commitment. In every aspect of the service cycle, commitment to the components of success is shared by ÜNLÜ & Co's leaders and employees. These components are transformed into a strong corporate culture and viewed as the key to achieving sustainable growth and success.

### **A Professional Staff Committed to High Ethical Standards**

Guiding its operations with a visionary investment banking approach, ÜNLÜ & Co pursues high standards of ethical values across the board – in client relations and in the markets where it operates. ÜNLÜ & Co employees embrace an honest and consistent service approach to their clients. The staff pays utmost attention to the development and implementation of a work ethic both fully respectful to the applicable legal and regulatory framework in force and in harmony with the corporate culture.

### **High Value Added Financial Solutions**

Throughout its 20-year history as an independent advisory firm, ÜNLÜ & Co has ensured its clients' success with the unique and customized financial solutions it develops to meet their needs. While creating high value add for its client base with tailor-made investment advice and financial products, it also plays an important role in deepening Turkey's capital markets.

### **ÜNLÜ & Co's Target: Regional Leadership**

In line with its goal of becoming the largest investment banking services and asset management group in the region, ÜNLÜ & Co continues its leadership in the Turkish market, while taking concrete steps to extend its presence and offerings abroad.

**ÜNLÜ & Co is committed  
to create value to its clients,  
employees, investors, the  
finance industry and the society.**



## Products, Services and Solutions

With 20 years of experience, we provide investment advisory services and **offer a diversified range of solutions to our clients.**

### Investment Banking Services

#### Advisory

##### Corporate Finance Advisory

- › Mergers & Acquisitions
- › Corporate M&As
- › Privatizations
- › Financial restructuring

##### Capital Markets

- › Initial and secondary public offerings
- › Capital increases

#### Debt Capital Markets & Advisory

##### Debt Capital Markets

- › Foreign and local currency bond issuance
- › Intermediation in syndicated facilities
- › CLN, Eurobond, convertible bonds issuance

##### Financial Advisory

- › Acquisitions and project finance
- › Structured trade instruments

#### Markets

##### Institutional Sales and Equities

- › Equities
- › Institutional sales
- › Research
- › Block sales

##### Derivative Products

- › Futures trading on Borsa Istanbul Futures and Options Market
- › OTC options

#### Retail Services

##### Investment Advisory & Brokerage Services

- › Sales & Trading
- › Investment advisory
- › Online trading & mobile solutions
- › Brokerage for professional investors
- › Leveraged platforms: FX and CFDs
- › International Capital Markets: ICM Platform
- › Portfolio Management
- › Retail financial planning





## Asset Management Services

### Alternative Investments

#### Non-Performing Loans ("NPL")

- › Portfolio investments
- › Single case restructuring
- › Management of NPL's

#### ÜNLÜ Alternative Assets

- › ÜNLÜ Private Equity
- › ÜNLÜ LT Investments

#### 212 Capital Partners – Technology Fund

- › Internet, mobile and e-commerce early-stage funds
- › Biggest dedicated venture capital fund in Turkey

#### Mena Finans

- › Financial services platform, providing services to Middle Eastern and North African investors

### Asset & Wealth Management

- › Fixed income portfolio and managed accounts
- › Mutual funds
- › Hedge funds
- › Structured products

## Key Financial Indicators

In 2016, we have achieved growth and **high performance as in previous years.**

**50%**

Growth of  
ÜNLÜ & Co's total  
assets in 2016

**71%**

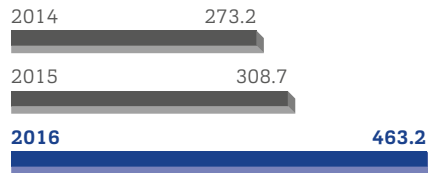
Growth of  
ÜNLÜ & Co's  
shareholders'  
equity in 2016

**463.2**

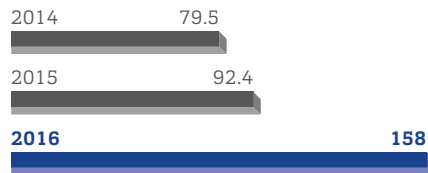
TL MILLION  
TOTAL ASSETS

### ÜNLÜ Yatırım Holding A.Ş.

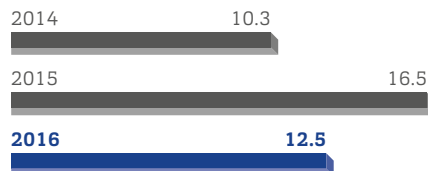
#### Total Assets (TL Million)



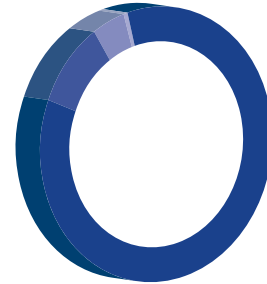
#### Shareholders' Equity (TL Million)



#### Total Comprehensive Income (TL Million)



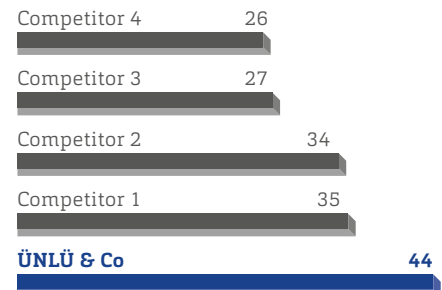
### ÜNLÜ & Co's Capital Structure



- Mahmut L. Ünlü 84.96%
- The Wellcome Trust Ltd. 9.88%
- Standard Bank Group Ltd. 4.45%
- Other 0.71%

### ÜNLÜ & CO'S LEADERSHIP POSITIONS

#### Number of Operations in Mergers and Acquisitions (\*)



(\*) Operations between 2005-2016



199

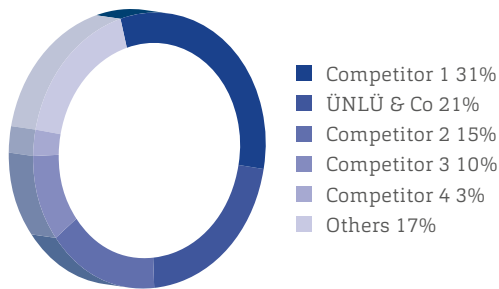
TL MILLION

In 2016, ÜNLÜ Securities reached total assets of TL 199 million.

2016	Total Assets (TL Million)	Shareholders' Equity (TL Million)
ÜNLÜ Securities	199.0	57.7
ÜNLÜ Portföy	6.8	6.1
İSTANBUL Varlık	141.4	29.1

### Equity Capital Markets

ÜNLÜ & Co ranks second with a market share of 21% in private placements, primary and secondary public offerings, and block sales transactions as well as USD 2.4 billion sales transactions between 2010 and 2016.



### AWARDS RECEIVED

- › Euromoney, "Turkey's Best Investment Bank" – 2016
- › MergerMarket, "Turkey's Financial Advisor of the Year" – 2015
- › Euromoney, "Best M&A House" – 2015
- › ACQ5 Magazine Awards, "Investment Bank of the Year" – 2015
- › AI International Finance Awards, "Independent Financial Advisor of the Year and Best MENA Expert" and "Best Investment Bank" – 2015
- › Business Worldwide M&A Awards, "Best Independent M&A Advisory Company" and "Investment Bank of the Year" – 2015
- › Deal Makers Global Awards, "Best Debt Financing Advisor of the Year" – 2015

185

USD MILLION

In 2016, the size of the total funds of ÜNLÜ Alternatives reached USD 185 million.

141.4

TL MILLION

In 2016, İSTANBUL Varlık recorded total assets of TL 141.4 million.

6.8

TL MILLION

In 2016, total assets under management of ÜNLÜ Portfolio reached TL 6.8 million.

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## Our Vision, Mission and Strategy

We have continued to **strengthen our market leadership position.**

### Our Vision

To become the leading investment banking services provider and asset management group in the region.

### Our Mission

To continuously work to achieve our vision with entrepreneurial spirit and expertise of local markets and to grow the business while adding value and profit to our clients' businesses.

### Our Strategy

To keep our leading position by developing further our corporate principles and management approach to achieve our business development goals and to ensure sustainable success.

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## Our Values

# When different components come together, **a big picture of success emerges.**

### Client Dedication

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

### Entrepreneurship

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

### Group Synergy

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

### Determination

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

### Teamwork

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

### Expertise

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

### Commitment

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

## Milestones

We continue **the journey of success** we embarked in 1996.



Since its establishment in 1996, ÜNLÜ & Co has steadily grown through the innovative breakthroughs that have served its goal of becoming a leading investment banking services and asset management group of the region.

# 158

TL MILLION

ÜNLÜ Yatırım Holding's shareholders' equity amounted to TL 158 million in 2016.

### 1996

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

### 2002

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

### 2003

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

### 2005

- › The product and service lineup continues to expand with new additions.
- › A milestone was reached when Dundas Ünlü teamed up with the US-based investment bank Lehman Brothers.
- › Another important step in the direction of becoming more institutional was taken when Tahincioğlu Holding acquired a stake in the company.
- › By setting up an institutional sales unit, Dundas Ünlü began providing clients with equity sales and capital market services. This unit's successful performance positioned Dundas Ünlü among the top brokers servicing international institutional clients in Turkey.

### 2006/2007

- › The Company expands into the alternative investments business line with the launch of the SU Private Equity Fund. It also enters into a strategic partnership with South-Africa based Standard Bank.
- › SU Private Equity, one of Turkey's largest private equity funds, was set up in 2006. The same year saw the establishment of DUFDAS, an adjunct to the company's NPL unit and a ground-breaking service provider in the corporate collections business line.
- › In 2007, the company underwrote the first private-sector corporate bond issue that had been initiated in Turkey in nearly a decade.
- › The same year, South Africa-based Standard Bank became a shareholder in the company by acquiring the majority of shares previously belonging to Alasdair Dundas and Tahincioğlu Holding.



- › With this change in the shareholder structure, the company underwent a reorganization as well. The Company's name was changed to Standard Ünlü while the arrival of a new shareholder gave the Company access to an extensive global financial services network and the ability to diversify its debt-financing products. This consolidation of strengths transformed Standard Ünlü into Turkey's leading provider of investment banking and asset management products and services.

## 2009

- › PLATO Finansal Danışmanlık Servisleri A.Ş. is set up.
- › With PLATO Finansal Danışmanlık Servisleri A.Ş., a financial advisory services provider launched in 2009, the company began providing collections management services for retail and SME NPL portfolios.

## 2011

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

## 2012/2013

- › The Group is renamed ÜNLÜ & Co and MENA Finans commences operations.

- › In 2012 ÜNLÜ & Co (ÜNLÜ Finansal Yatırımlar A.Ş.) acquired a 75% stake in Standard Ünlü. With this change in its majority shareholder, the company also underwent restructuring.
- › Later the same year, MENA Finans was set up and began serving investors in the Middle East and North Africa in keeping with the group's regional expansion plans.
- › Following its acquisition by the Group, İSTANBUL Varlık, formerly Standard Varlık, achieved a 40% growth rate in its assets in two years by improving relationships with banks.
- › A hedge fund was also set up in line with the Group's intention of expanding its range of portfolio management products.

## 2014

- › While successfully defending its leading position in the Turkish market, ÜNLÜ & Co ventures into the business line of regional investment banking.
- › During this period, ÜNLÜ & Co rose to the top of Turkey's M&A league table with USD 3.7 billion worth of such deals, also intermediated the largest foreign company acquisition ever.
- › In the area of debt capital markets and advisory, ÜNLÜ & Co underwrote the country's biggest private-sector corporate bond issue, totaling TL 805 million and a 24% market share. ÜNLÜ & Co's performance in 2014 elevated it to first place among Turkey's investment brokerage houses.
- › An ÜNLÜ long-term investment fund was set up in order to invest in an array of asset classes.
- › ÜNLÜ Portföy's 474.8% rate of year-on growth made it the fastest-growing portfolio management company in Turkey in 2014.
- › The same year, the Group's Singapore office commenced operations while significant progress was also made in the direction of its regional expansion and ventures in the Middle East.

## 2015

- › With the initiation of efforts to enter the Iranian market, the Group took its first step to become the region's biggest investment banking services and asset management group.
- › The Group's business partnership with Standard Bank was also restructured.
- › Having identified the Iranian market as the best candidate for kick-starting the Group's regional expansion, several initiatives have been taken to enter the market.
- › The brand name ÜNLÜ Finansal Yatırımlar A.Ş., which unites the Group companies under one roof, was revised to ÜNLÜ Yatırım Holding A.Ş. (ÜNLÜ & Co).
- › Individual Brokerage and Financial Advisory Department was established to provide select brokerage services for individual investors, further expanding ÜNLÜ & Co's areas of service.

## 2016

- › **The UK-based foundation Wellcome Trust partnered with ÜNLÜ & Co by acquiring a 9.9% stake, thus strengthening ÜNLÜ & Co's capital structure.**
- › **ÜNLÜ Securities Inc. New York was established after obtaining a license for brokerage activities. ÜNLÜ Securities Inc. started its investment banking activities as the only Turkish finance group operating in the US.**
- › **The Regional Opportunities Fund was established to invest in capital markets in Iran.**
- › **Initiatives began for offering brokerage activities in Iran.**
- › **The product range continued to expand with newly established funds and the issuance of structured debt instruments.**

## 2016 at a Glance

# In 2016, we once again completed special projects that added value to our economy and to our society.



ÜNLÜ & Co, an advisory company with just two partners in 1996 has become today a powerful and pioneering financial institution targeting regional leadership in investment banking and asset management with over 300 employees.

## Over 300

TOTAL NUMBER OF EMPLOYEES

### ÜNLÜ & CO STARTS BROKERAGE ACTIVITIES IN NEW YORK!

#### Big step forward on the way to globalization...

In 2016, ÜNLÜ & Co concluded the license application process that it had started in 2015, and opened the brokerage house ÜNLÜ Securities Inc. in New York, the heart of global financial markets. With this huge step toward globalization, ÜNLÜ & Co has become the only licensed Turkish financial institution to conduct brokerage activities in the USA.

Along with the launch of operations of ÜNLÜ Securities Inc., ÜNLÜ & Co has created an opportunity to promote Turkey and Turkish companies directly and effectively to large corporate investors located in the United States. Providing brokerage services for investment funds residing in the US, ÜNLÜ & Co aims to attract more inflow of funds to Turkey.

### ÜNLÜ & CO ESTABLISHED STRATEGIC PARTNERSHIP WITH THE WELLCOME TRUST.

#### Strengthening its capital structure and global domain...

UK-based Wellcome Trust, one of the largest and most prestigious foundations in the world, has partnered with ÜNLÜ & Co with a 9.9% stake, making an investment worth USD 17.7 million. As a result of this investment in the form of capital increase, the total capital value of ÜNLÜ & Co climbed to USD 179 million.

Further strengthening its capital structure with the strategic partnership formed with

the Wellcome Trust, ÜNLÜ & Co ensured a valuable resource for the investments it plans to undertake in the Middle East and North Africa region.

### REGIONAL OPPORTUNITIES FUND IS ESTABLISHED.

#### Pioneering steps toward regional leadership...

With the aim of becoming the leading investment bank in the Middle East and North Africa region, ÜNLÜ & Co established the Regional Opportunities Fund to invest in Iranian capital markets, which show great potential in this part of the world.

ÜNLÜ & Co started partnership negotiations in Iran after having taken the first step towards its regional expansion strategy with the Regional Opportunities Fund. ÜNLÜ & Co closely monitors the developments in Iran, and plans to start local brokerage activities in that country in the near future.

### ÜNLÜ & CO WOMEN ENTREPRENEURS ACADEMY PRODUCED ITS FIRST GRADUATES.

#### Support for 20 women entrepreneurs in a year, 100 in five years, in the field of management...

ÜNLÜ & Co launched Women Entrepreneurs Academy to ensure active participation of women in the economy, employment, and social life while strengthening the entrepreneurial ecosystem in Turkey.

In 2016, 20 women entrepreneurs were provided support and mentorship with trainings under the Academy program given in areas such as building a solid

business plan, leadership, coaching and accounting. The Academy is administered in partnership with the Turkish Entrepreneurship Foundation (Girvak) and Endeavor Turkey.

Aiming to reach out to 100 women entrepreneurs in five years, ÜNLÜ & Co Women Entrepreneurs Academy successfully prepared its first graduates to the economy in 2016.

### ÜNLÜ & CO NAMED "TURKEY'S BEST INVESTMENT BANK"



#### Recipient of the "Excellence Award" from Euromoney for two consecutive years!

ÜNLÜ & Co was deemed worthy of the "Turkey's Best Investment Bank" award in 2016 as part of Euromoney Awards for Excellence. Euromoney Magazine, a most distinguished publication in the world of finance has been granting these awards to the leading players of the financial industry in Europe for past 25 years.

With this award, the superior success achieved by ÜNLÜ & Co in investment banking and asset management – primarily in corporate finance, brokerage and investment advisory – was once again recognized on international platforms.

ÜNLÜ & Co was also selected "Best M&A House" by Euromoney the previous year, in recognition of the world-class services it provides in corporate mergers and acquisitions.

### ÜNLÜ & CO PARTICIPATES IN THE USA SIEGE AMONG "VOLUNTEER DELEGATES"!

#### A marathon runner promoting the country...

Turkey's leading investment banking and asset management group, ÜNLÜ & Co was at the forefront of a

promotional marathon held in the US, spearheaded by the Prime Ministry Investment Support and Promotion Agency.

"Volunteer Delegates," among whom the Chairman of ÜNLÜ & Co, Mahmut Ünlü has actively participated, met with foreign institutional investors, think tanks, rating agencies and influential figures of the American media in important centers of the US to share in detail the opportunities offered by Turkey.

Since its foundation, ÜNLÜ & Co has taken every opportunity to talk about Turkey and the opportunities it offers to foreign investors in the world's financial centers and has intermediated a total capital inflow of USD 11.211 billion via its advisory services over the last 10 years.

### ÜNLÜ & CO CELEBRATED ITS 20<sup>TH</sup> ANNIVERSARY WITH FORMER AND NEW EXECUTIVES WHO HAVE CONTRIBUTED TO THE COMPANY.

#### Key to corporate success: Investment in human resources.

ÜNLÜ & Co has transformed from an investment advisory firm with just two partners in 1996 into a powerful and pioneering financial institution today targeting regional leadership in investment banking and asset management with the more than 300 people it employs.

ÜNLÜ & Co strives to develop long-term relations with its staff, by meticulously selecting high-caliber human resources which it regards as the key to its corporate success, and by continuously investing in human capital.

Committed to creating value for all its stakeholders, ÜNLÜ & Co celebrated its 20<sup>th</sup> anniversary with its alumni, who, with their dedicated efforts, have embraced its corporate values

and contributed to achieving the Company's targets.

### ÜNLÜ & CO STARTED SERVING INDIVIDUAL INVESTORS.

#### ÜNLÜ & Co provides service to qualified individual investors...

ÜNLÜ & Co commenced the implementation of fast and seamless order booking while offering easy-to-understand and tailor-made investment advice to its qualified individual clients in the Equities, FTOC (Futures Trading Option Contracts), Fixed Income Securities (Bonds/Bills), and Mutual Funds markets.

As part of individual brokerage and financial advisory services, ÜNLÜ & Co supports its clients with a wide range of fast and user-friendly online brokerage platforms built on its strong technological infrastructure. The Company enables investors to monitor market data instantly while managing their investments with ease.

In 2016, ÜNLÜ & Co established a well-designed system equipped with all the requirements to enable the execution of trading transactions of leveraged foreign exchange and precious metals as well as global stock indices, thus providing access to global markets for domestic clients. Under the UTradeFX trademark, the company offers investors trading platform for precious metals including gold, silver, palladium, and copper; equities; CFDs (Contracts for Difference) on commodity; and forex parity pairs. ÜNLÜ & Co provides reliable forex service to investors with 24/5 expert support and professional risk management services.

## Letter from the Chairman & CEO

We believe that the challenges ahead will also bring opportunities, and **we are working to create new areas of success** for ÜNLÜ & Co.



As it celebrates its 20<sup>th</sup> year in business, ÜNLÜ & Co is as committed as ever to strengthening its leading position in investment banking and asset management as it advances into the future.

# 4.8

TL MILLION  
NET PROFIT

Dear Stakeholders,

2016 was a year in which the world's political and economic agenda was extremely busy. In the global political arena, the US presidential election, the EU referendum in the UK, geopolitical tensions in the Middle East and the refugee crisis were influential during the majority of the year. Meanwhile, on the economic front, the attention of the policy makers and economic actors, in developed and developing countries, focused on the decisions to be made by the Federal Reserve (Fed) in the US throughout the year.

While the Republican candidate Donald J. Trump's victory in the US presidential elections resulted in sharp currency fluctuations in the markets, the US dollar, which further strengthened by the 25 basis point rate increase decision at the last Fed meeting of the year, exerts a great deal of pressure on emerging market currencies.

On the other hand, the uncertainty remains over Europe's future in regard to the medium and long term impacts of the UK's decision to leave EU with the Brexit referendum and the ambiguity related to the European trade markets – including Turkey – continues to grow.

The world economy, still cautiously avoiding the effects of the global financial crisis in 2008, does not yet seem to have achieved sustainable growth momentum. With limited growth of 3.1%, below expectations in 2016, the global economy currently demonstrates a fragile outlook, remaining under the influence of the slowdown in

China, the locomotive power of economic growth in recent years, in addition to the efforts of central banks of developed countries to transition to monetary policy normalization.

Another factor negatively affecting global economic activity was the lag in the recovery of commodity and oil prices, which witnessed a sharp fall in 2015. The price of Brent oil at USD 28.7/barrel, which has fallen to the lowest levels for the last 10 years at the beginning of 2016, recovered rapidly at the end of the year due to the agreement of OPEC and non-OPEC oil producing countries to limit their supply.

In 2016, factors increasing volatility in global markets, such as increasing political uncertainties, geopolitical risks and a fragile macroeconomic outlook, put immense pressure on both developed economies and emerging markets such as Turkey.

The Turkish economy left behind a challenging year in which it was most severely tested by both macroeconomic and political factors in and outside the country.

Despite the successful performance it demonstrated in the first half of 2016 with a growth rate of 3.9% against the backdrop of a negative global environment, in the second half of the year the Turkish economy was shadowed by the harsh political developments in the country and foreign-policy-related issues. Economic growth decelerated due to the failed coup attempt in July and adversities experienced in the tourism sector in the country. The stagnation in Turkey's export markets



**We are moving forward  
with our strategy of becoming  
the leading investment banking  
services group...**

in Europe and in the nearby geography, coupled with the commercial embargo imposed by Russia, caused a significant decline in export and tourism revenues. The Turkish economy is expected to have expanded 2.9% as of end-2016, lagging behind the Medium Term Program target.

The high level of geopolitical uncertainties in our region, incidents of terrorism, and the downgrade of our sovereign credit rating below investment grade by the international rating agencies Moody's and S&P, unfortunately, have a debilitating effect on the markets.

Despite all the global shocks that 2016 brought about, the geopolitical risks experienced in its close geographical region and the many adversities in the country, we see that the Turkish economy shows a dynamic and resilient performance nevertheless.

Turkey holds great investment potential for foreign investors, through its favorable demographics featuring a young population, and as a strong economy that completed its integration with the world thanks to its strong industrial and financial infrastructure. Turkey continues to be the most important stabilizing force of the region with its strong domestic market, and its political structure that actively supports foreign investment.

In my opinion, a great deal of responsibility falls on the economic actors in Turkey, financial circles and professional businesspersons to bolster the perception of investors monitoring Turkey from

abroad and to present Turkey's internal and external dynamics with an accurate perspective.

At ÜNLÜ & Co, this year we took part among the volunteer delegates during the meetings organized in the US by the Prime Ministry Investment Support and Promotion Agency. We met with think tanks, global investors, corporate executives, political actors, and media organizations to close the gap between the perception of Turkey and the reality. In addition to semi-official contacts, especially with representatives of the private sector, which would help boost the knowledge and confidence of financial and investment circles, there is also a need for revitalizing investor appetite with the concrete steps to be taken by the political will.

Structural reforms must be swiftly executed to attract foreign direct investment, which Turkey needs most of all to ensure sustainable, value added growth. One of the basic requirements to boost the interest of foreign investment in Turkey as well as to serve the country's potential right while seeking its best interests would be to establish domestic investment banks and ensure their inclusion in the national banking system.

The investment banking sector, which we see as a complementary element of the banking industry, should be supported by the activities of financial institutions that have national capital and a high capacity of competing with the global giants.



**ÜNLÜ & Co, which  
has created a  
sustainable business  
model taking  
strength from its  
qualified human  
resources, robust  
capital structure  
and strong corporate  
culture maintained  
its activities with the  
vision of constructing  
a long lasting  
financial institution.**



## Letter from the Chairman & CEO

# In 2016, our Group **successfully took significant steps towards globalization.**



**We obtained a license for brokerage activities in New York – the world’s most important financial capital. As a result, we became the only Turkish financial institution in the US to engage in investment banking activities.**

While leaving behind its 20<sup>th</sup> year of operation, ÜNLÜ & Co is proud of its unique position in the Turkish financial markets with its wide range of services and financial solutions in investment banking and asset management via our subsidiaries and business lines.

ÜNLÜ & Co’s 20 year adventure is a story filled with success – a tale of a company we established with four persons to provide advisory services in 1996. Thanks to the 20 years of progress with entrepreneurship, determination, ambition, and a firm belief in our country, we transformed this company into a big family operating in investment banking and asset management with over 300 employees – an investment holding with an asset size totaling TL 463.2 million.

At the foundation of ÜNLÜ & Co’s 20 year success story is our growth strategy that we executed with faith and our commitment to add value to our clients, our employees, our investors, the finance world and society.

In 2016, we expanded our traditional service areas, such as corporate finance and asset management which the ÜNLÜ & Co brand is closely associated with, to include investment advisory and brokerage services to select individual investors as well. To this end, we started providing services to our portfolio of individuals by launching the ÜNLÜ & Co. Investment Advisory and Brokerage Services business. We enriched our product range for select individual investors with new mutual funds, structured debt instruments, and online trading platforms.

In 2016, our group also took important steps toward globalization. We obtained a license for brokerage activities in New York – the world’s most important financial capital. As a result, we became the only Turkish financial institution in the US to engage in investment banking activities. With the start of operations at the ÜNLÜ & Co New York Office, we aim to ensure more inflow of funds from the US to Turkey. We think that our presence in New York will also provide great opportunities to introduce Turkey to foreign investors more extensively.

In 2016, another major development that, we believe, strengthens our capital structure and enhances our global effectiveness was the partnership we established with the UK-based Wellcome Trust. We increased our capital structure further with the USD 17.7 million injection provided by Wellcome Trust – one of the largest charitable foundations in the world – in exchange for a 9.9% stake in ÜNLÜ & Co.

This partnership solidified ÜNLÜ & Co’s capital strength and our strategy of becoming the region’s leading investment banking services and asset management group and we thus took concrete steps toward our goal of expanding in the Middle East and North Africa region. In 2016, we completed the establishment of the Regional Opportunities Fund that will invest in Iran, which we believe harbors significant potential in this geography. In the upcoming period, we plan to finalize our feasibility studies on offering brokerage activities in Iran. By working with investors and clients in Iran, we also aim to put to good use ÜNLÜ & Co’s years of know-how and experience in company mergers, acquisitions, and sales.



2016 was a year in which we made new breakthroughs by ramping up our capacity to deliver the service and product range of a full-fledged investment bank at world-class standards in Turkey. We have conducted our business operations for 20 years with devoted effort and we aim to take these operations, as well as our entrepreneurial spirit, and our belief in Turkey to the next level by applying for the investment banking license. We plan on becoming Turkey's first domestic investment bank to provide competitive services in international markets as well.

At ÜNLÜ & Co, we believe that the challenges ahead will also bring opportunities. We expect the upcoming period to be one in which we sincerely believe that production, investment, and exports will be supported by structural and institutional reforms to be announced by the government, and that an atmosphere of confidence and stability will prevail among the domestic and foreign investors whom we represent.

While leaving behind its 20<sup>th</sup> year of operation, ÜNLÜ & Co actively pursues its vision of building a century-old permanent financial institution in the region. This ambitious goal will be accomplished by setting up a sustainable business model with the best-in-class staff and a strong capital structure, powered by a robust corporate culture.

I extend my sincere gratitude to our employees, who have been instrumental to ÜNLÜ & Co's success with their devoted efforts; to our clients, who strengthened us with their unwavering trust; and to our business partners, on my own behalf as well as that of the ÜNLÜ & Co Board of Directors.

Yours sincerely,

**Mahmut L. ÜNLÜ**  
Chairman and CEO



## Letter from the Deputy Chairman & General Manager

# We contribute to the development of capital markets in Turkey with our products and services.

While steering our efforts toward becoming a fully authorized investment bank, our most important assets are our high-quality human resources and the solid reputation we gained thanks to the success of the ÜNLÜ & Co brand over the last 20 years.

**2.0**  
TL MILLION  
OPERATION INCOME

We are leaving behind another successful year in which we focused on our clients, our goals, and improved our services despite the challenging economic and political developments in and outside the country, and the extreme volatility in the markets.

We recorded a successful fiscal year in 2016 while also expanding our service areas, product range and client portfolio. As a domestic&investment banking and asset management group of Turkey, we had a productive operating year in which we strengthened our pioneering and leading position in the industry.

In 2016, ÜNLÜ & Co posted consolidated assets of TL 463.2 million and operating income of TL 2.0 billion, up 269% year-on-year.

ÜNLÜ & Co maintained its leading position in Turkey this year with the advisory services we provided in company acquisitions, sales, and merger transactions under our investment banking operations. We are the only independent investment institution ranking in first place in the equities market, excluding privatizations and intra-group transactions. We also rank in the top five among the players in the debt capital markets, in terms of the number and volume of transactions.

While steering our efforts toward becoming a fully authorized investment bank, our most important assets are our high-quality human resources and the solid reputation we gained thanks to the success of the ÜNLÜ & Co brand over the last 20 years. As new colleagues join us, we expand the ÜNLÜ & Co family with this awareness, while making investments to boost employee productivity and competence with the latest human resources practices. Our goal on the road into the future is to become a highly attractive and preferred workplace for high-caliber professionals. We continue moving forward with determination to create and maintain a winning team.

In 2016, we expanded the range of our offerings by adding investment advisory and brokerage services to qualified individual investors.

The development and marketing of new products tailored to meet client needs with our innovative and creative approach continued to be one of our strategic priorities. In 2016, with the launch of new mutual funds and structured debt instruments, we started providing a fair and alternative product range to our qualified and professional individual and institutional clients.

## Our performance this year was crowned with the “Turkey’s Best Investment Bank” award.



In addition to the contribution we have made with our products and services to the improvement and growth of capital markets in Turkey, we continued to add value to society with our corporate social responsibility projects, which we embrace passionately.

We are very proud to have founded the ÜNLÜ & Co Women Entrepreneurs Academy, by blending three key areas that we have supported within our corporate social responsibility efforts in one project. Entrepreneurship which we rank in first place among ÜNLÜ & Co’s components of success is also at the center of this project. Under the Academy program, we aim to attract more women to the entrepreneurial ecosystem by conveying our knowledge and experience to women entrepreneurs who seek to realize their business ideas. We celebrated our 20<sup>th</sup> anniversary by introducing our first 20 Academy graduates to the economy.

Our performance this year was reinforced by the “Best Investment Bank of the Year” award that Euromoney granted to us. We see this honor as confirmation of ÜNLÜ & Co’s superior quality of service that it delivers at world-class standards in investment banking as well as of its overall success.

Without a doubt, the most important share in our Group’s success, as it grows each year, belongs to my colleagues with the outstanding performance they deliver regardless of the circumstances.

I am very proud to lead such a successful team that stands out with its devoted efforts and to be a part of the exciting future that lies ahead for ÜNLÜ & Co.

Hereby, I wish 2017 to be a successful and peaceful year for our country, our Group, our employees, our clients and our social stakeholders. I extend my deepest gratitude and affection to you all.

**Can ÜNALAN**  
Deputy Chairman and General Manager

**In 2016, with the launch of new mutual funds and structured debt instruments, we started providing a fair and alternative product range to our qualified individual and professional institutional clients.**

## Markets Overview - 2016 Highlights and Future Outlook

# Despite all the adversities experienced in 2016, **the Turkish economy remained resilient.**

The economic activity is expected to reaccelerate, thanks to the measures to be taken by the government in 2017, private sector incentives, and higher public spending. GDP is forecast to grow 3.5% in 2017.

2016 went down in history as a year of missed opportunities due to many unexpected negative developments in Turkey. Numerous extraordinary events took place in 2016, which, after the elections of 2015, was expected to be mellow from a political perspective.

After absorbing the initial negative effects of the political crisis with Russia on tourism and foreign trade, the markets performed relatively well until May in tandem with the increasing interest in emerging markets in the first months of the year. The change in the cabinet in May, followed by the treasonous terrorist attack at the Istanbul Airport; the decision of the UK to leave the European Union, which rocked the entire globe; and the July 15 coup attempt, which has far more important than the preceding events in terms of impact, caused Turkey to negatively decouple from other emerging markets. Although the coup attempt was overcome at a pace unprecedented in any other country, the announced and ongoing state of emergency in Turkey, the sovereign credit rating downgrade by leading rating agencies such as S&P and Moody's, as well as the rapid depreciation of the Turkish lira hampered the recovery of the markets.

**With the measures taken by government and the effect of normalization, economic activity is expected to rebound in 2017.**

Despite the deterioration in the consumer confidence and real sector sentiment within the context of the uncertainty of elections, the Turkish economy, which grew 6.1% in 2015, continued to expand rapidly at the start of 2016. Due to the negative political and economic developments after July, the third quarter witnessed an economic contraction on an annualized basis, for the first time since 2009. With the economic activity recuperating in the last quarter, the economic growth figure was 2.9% in 2016. However, the economic activity is expected to reaccelerate, thanks to the measures to be taken by the government in 2017, private sector incentives, and higher public spending. GDP is forecast to grow 3.5% in 2017.

Commodity prices remained at low levels throughout 2016 and the slowdown in the pace of economic activity sustained the recovery in the current account deficit until July. However, with the reversal of this trend, current account deficit to GDP ratio ended the year at 3.8%. Turkey is projected to have a financing requirement of USD 94 billion in 2017 in total, with a current account gap of USD 40 billion and a debt repayment obligation of USD 54 billion. We expect current account deficit to GDP ratio to reach 5.0% by the end of 2017.

Rapid normalization of food prices in the first half of the year and the stable course of the Turkish lira helped inflation to rebound quickly. The annual inflation, which stood at 7% as of November 2016, closed the year at 8.5% due to the rapid depreciation of the Turkish lira as well as to rising prices. In 2017, inflation is expected to prevail in the range of 9% to 12% depending on commodity and food prices as well as on the performance of the Turkish lira.

Even though economic activity has slowed down, considering all the negative developments experienced in 2016, the Turkish economy remains resilient and has demonstrated that it can rapidly emerge from a crisis environment. Low public borrowing and a balanced budget allow the government to support the economy by increasing public spending, as mentioned in the Medium Term Program recently published by the government. The ratio of the budget deficit to the GDP may increase to 2.5% with the effect of the announced and planned stimulus measures.

#### **Global and domestic political developments will affect capital markets in 2017.**

The most important agenda items of 2016 in the global arena were the UK's referendum to exit from the European Union, i.e. Brexit, and the presidential election in the United States. Both ended in surprising results, defying pollsters' expectations. While the UK's decision to exit from the European Union signals that increasing populist and protective policies are likely to continue globally, it also called into question the future of the European Union. Meanwhile, Donald Trump's victory in the US presidential election is reason for global political scenarios of coming years to be rewritten.

The most important agenda item of the capital markets in 2016 was the interest rate policy of the Federal Reserve (Fed), as was the case in 2015. Having increased the benchmark rate by 25 basis points in December 2016 after a period of one year, the Fed reasoned that it can impose three incremental interest rate hikes in 2017. In an environment where interest rates rise globally and the US dollar appreciates, the level of Turkish Lira interest rates and the Turkish Lira's course will be key in terms of the domestic economy.

Apart from the course of global interest rates, the development of commodity prices and the Syria-based geopolitical risks will be among the most important external factors that will affect the performance of Turkish capital markets in 2017.



**Apart from the course of global interest rates, the direction of commodity prices and the Syria-based geopolitical risks will be among the most important external factors to affect the performance of Turkish capital markets in 2017.**



## Investment Banking Services

We deliver **the products and services that our clients need at world-class standards.**

ÜNLÜ & Co – the leader in mergers and acquisitions in Turkey – is one of the strongest domestic players competing with global investment banks through its world-class advisory services.

**103**

**TOTAL MERGER  
AND ACQUISITION  
TRANSACTIONS  
REALIZED**

### CORPORATE FINANCE ADVISORY

ÜNLÜ & Co Corporate Finance Advisory Department offers high value-added financial solutions for its clients to realize their goals in company mergers and acquisitions, cross-border partnership transactions, private equity fund transactions and financial restructuring transactions.

Corporate Finance Advisory is one of the main business lines that make a significant contribution to ÜNLÜ & Co's branding with the numerous successful transactions that it has undersigned in Turkey.

### Leader in company merger and acquisition transactions

ÜNLÜ & Co ranks first among its competitors domestically with the advisory services it provides to the leading companies in Turkey and the world with the 103 M&A transactions it has executed successfully to date since 1996.

The Corporate Finance Advisory Department, with its experience in different sectors in Turkey in company mergers and acquisitions, has a balanced client portfolio of both buyer and seller side advisory services.

With its 14-person expert team composed of high-caliber professionals, the Corporate Finance Advisory Department shapes the financial solutions that best suit the needs and interests of clients while adhering to global ethical standards.

Raising its profile and reputation in the market with the successful transactions it has executed in corporate advisory since its inception, ÜNLÜ & Co plays an important role in developing strategic partnerships. The company brings Turkey's leading industrial enterprises, service providers, and manufacturers together with the world's leading international groups.

### Outstanding success recognized with international awards

The exceptional success that ÜNLÜ & Co Corporate Finance Advisory Department has achieved with the transactions that it has undersigned over the years is regularly recognized by awards from internationally respected institutions.

ÜNLÜ & Co received the "Turkey's Best Investment Bank" award from Euromoney in 2016 and had been named the "Best M&A House" by the same institution in 2015. ÜNLÜ & Co's outstanding achievements in corporate finance in 2015 were also crowned with the "Turkey's Financial Advisor of The Year" award from MergerMarket.

### Strong performance under challenging market conditions in 2016

Given the highly negative effects of political developments in and outside the country during the year, 2016 was a quite difficult period in terms of company merger and acquisition transactions. In 2016, a total of approximately USD 7.7 billion worth of merger and acquisition transactions were realized in Turkey.



**Leadership of ÜNLÜ & Co**

Period	Type of Transaction	Number of Transactions*	Ranking
1998-2016	Company mergers and acquisitions	42	1 <sup>st</sup>
1998-2016	Cross-border acquisition transactions	27	1 <sup>st</sup>
1998-2016	Company mergers and acquisitions – buyer side advisory	18	1 <sup>st</sup>
1998-2016	Company mergers and acquisitions – seller side advisory	24	2 <sup>nd</sup>
1998-2016	Private equity fund transactions	13	1 <sup>st</sup>

(\*) Transactions over USD 30 million.

Below are some of the important transactions that have propelled ÜNLÜ & Co to its market leadership position.

**Major Transactions**

Service Area	Target Company	Acquirer Company	Significance	Year
Seller side advisor	Koroza	Actera	Sales transaction of Turkey's largest packaging company	2016
Seller side advisor	Solventaş	Yilport Group	Sales transaction of Turkey's largest chemical storage terminal	2016
Seller side advisor	Yıldız Holding A.Ş. – AK Gıda	Lactalis Group	Sales transaction of one of Turkey's largest food companies	2015
Buyer side advisor	United Biscuits – Godiva	Yıldız Holding A.Ş.	Turkey's largest foreign acquisition transaction	2014
Buyer side advisor	YKM	Boyrer Group	Sales transaction of Turkey's largest department store group	2012
Buyer side advisor	Defy	Koç Holding A.Ş. – Arçelik	Largest foreign company acquisition transaction of Koç Group	2011
Buyer side advisor	Kent Gıda and Intergum	Cadbury Schweppes	Acquisition transaction of one of Turkey's largest confectionery companies	2007
Buyer side advisor	Güven Plastik	Huhtamaki	First company merger and acquisition transaction	1997

ÜNLÜ & Co plays an important role in developing strategic partnerships. The company brings Turkey's leading industrial enterprises, service providers, and manufacturers together with the world's leading international groups.

## Investment Banking Services

We continue to provide **Corporate Finance Advisory services to Turkey's leading companies** as well as multinationals looking to build their presence in Turkey...



While transaction volumes in the local M&A market reached its at the lowest level for the last eight years, ÜNLÜ & Co Corporate Finance Department posted an extraordinary performance in 2016.

### Advisory Operations in 2016

Target Company	Sector	Purchasing Company	Share (%)	ÜNLÜ & Co Advisory
Koroza	Plastic/Flexible Package	Actera Group	85%	Selling Party
Asset Medikal Tasarım A.Ş.	Health	Pera Capital Partners	45%	Selling Party
Solventaş Teknik Depolama A.Ş.	Marine	Yılport Holding A.Ş.	100%	Selling Party
GAMA Enerji A.Ş.	Energy	Tenaga Nasional Berhad (TNB)	30%	Buying Party
Acacia Maden İşletmeleri A.Ş.	Mining	Akfen Holding A.Ş.	33.3%	Buying Party
Yıldız İçecek	Food	Dydo	90%	Selling Party

While transaction volumes in the local M&A market reached its lowest level for the last eight years, ÜNLÜ & Co Corporate Finance Department posted an extraordinary performance in 2016.

ÜNLÜ & Co Corporate Finance Department maintained its strong position in the sector even in challenging market conditions by providing financial advisory services for six company merger and acquisition transactions – USD 1.2 billion in total value in 2016.

Below is the summary information related to four transactions executed by the company.

### Malaysian electric giant entered the Turkish market with ÜNLÜ & Co Advisory

ÜNLÜ & Co served as a financial advisor during the entry of Tenaga Nasional Berhad (TNB), the largest electricity supplier in Malaysia, into Turkey's growing energy sector, by acquiring a 30% stake in the Turkish company GAMA Enerji A.Ş.

Negotiations for the share acquisition agreement of GAMA Enerji started at the end of 2014 and was financed by internal funding and external borrowing. It entered into force in 2016, after having obtained the necessary approvals from the Turkish Competition Board, Turkish Energy Market Regulatory Authority, and the relevant Malaysian regulatory agencies.

Established in 2002 as a subsidiary of GAMA Holding, GAMA Enerji has a total production capacity of 1,027 MW in thermal, wind and hydroelectric power plants in Turkey.

### Sale of Solventaş to Yıldırım Holding

Another important transaction completed by ÜNLÜ & Co is the sale of Solventaş, Turkey's largest independent liquid chemical storage terminal.

With 217 chemical tanks and 330,000 cubic meters of storage capacity, Solventaş serves domestic and foreign clients for the storage of bulk liquid, barreled and packaged chemicals as well as petroleum products, coming into and exiting Turkey.

As a result of the sales transaction realized with the advisory of ÜNLÜ & Co, 100% of Solventaş shares were acquired by Yılport Holding, a subsidiary of Yıldırım Group of Companies, which stands out in particular with its investments abroad.

Yıldırım Group of Companies conducts operations in 13 different industries, primarily in mining, chemicals, port management and maritime –services in 21 countries. Yılport Holding, which ranked among the top 20 largest global port operators in 2015, increased the number of terminals in its portfolio to 23 with the addition of Solventaş.

### Sales of Asset Medikal shares to Pera Capital

ÜNLÜ & Co was a sell side financial advisor at the share transfer of an early stage venture capital fund to a venture capital fund – undersigning another first in Turkey.

Asset Medikal Tasarım A.Ş., is one of Turkey's companies funded by early stage venture capital and growing with the partnership of Teknoloji Yatırımları A.Ş., the subsidiary of Technology Development Foundation of Turkey. Pera Capital Partners, a VC fund focusing on mid-sized enterprises in Turkey acquired 45% of its stakes.

Asset Medikal, which specializes in the production of needleless injection valves, contributes to the economy of the country by substituting imports through the products it supplies to the domestic market and to its wide export market.

Other investments of Pera Capital Partners Fund in Turkey include FU real estate, Autoking and Koza food companies. Institutions such as the European Bank for Reconstruction and Development, the European Investment Fund, Caisse des Depots and Sarona Asset Management are among the investors of the Pera Capital Partners Fund.

### Partnership agreement between Koroza and Actera Group

As Koroza Ambalaj San. ve Tic. A.Ş. ("Koroza") shareholders' financial consultant, ÜNLÜ & Co successfully completed the partnership negotiations with the Actera Group.

With its turnover of approximately EUR 250 million and packaging production of more than 98,000 tons, Koroza is the largest flexible packaging manufacturer and one of the largest export companies in Turkey. Koroza aims to become one of the top 10 flexible packaging producers in Europe, after the Partnership Agreement it has concluded with the Actera Group. Providing consulting services to funds with a capital base of more than USD 1.7 billion, Actera Group enters into this partnership as the largest private equity firm focusing on investments in Turkey, with the aim of making investments that will help Koroza grow both organically and inorganically, and of increasing the value it adds to the Turkish economy.

## 1.2

USD BILLION

**TOTAL VALUE  
OF MERGER AND  
ACQUISITION  
TRANSACTIONS  
ADVISED BY  
THE CORPORATE  
FINANCE  
DEPARTMENT**

## Investment Banking Services

**We aim to establish long-term partnerships** with our clients for their financing needs.



ÜNLÜ & Co Debt Capital Markets and Advisory Department acted as the financial advisor to a long-term loan of EUR 160 million and project financing of USD 55 million in 2016.

**10**

USD BILLION

**TOTAL REALIZED  
DEBT FINANCE**

### DEBT CAPITAL MARKETS AND ADVISORY

ÜNLÜ & Co Debt Capital Markets and Advisory Department specializes in evaluating the needs of its clients, structuring, and obtaining the necessary financing from appropriate sources. It provides intermediary services for the issuance of securities in the debt capital markets. The department also provides advisory services for a wide range of debt financing needs of companies including syndicated/club loans, project financing, subordinated loans (mezzanine financing), securitization transactions and acquisition financing.

#### Full support to clients in all market conditions

ÜNLÜ & Co's independent status allows it to establish arm's-length relationships to and to eliminate potential conflicts of interest with domestic and foreign financing sources. Thus, ÜNLÜ & Co Debt Capital Markets and Advisory Department is able to achieve the optimal terms and conditions for its clients and distinguish itself among the competition.

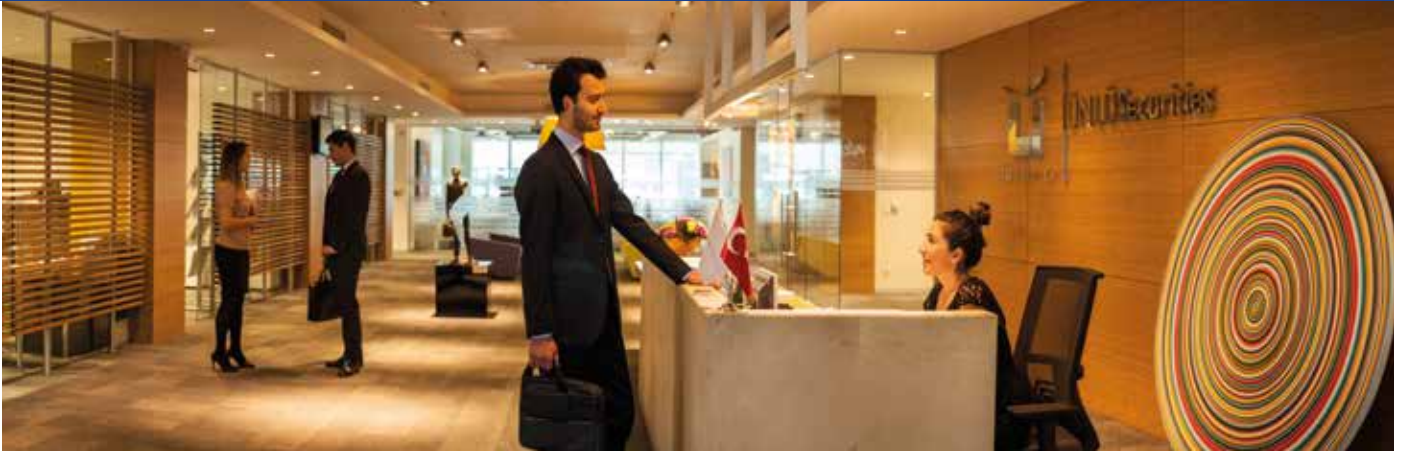
ÜNLÜ & Co acts as a bridge between its corporate clients and global funding sources. To date, the company has provided debt financing in excess of USD 10 billion to its client base.

#### Major transactions in 2016

ÜNLÜ & Co Debt Capital Markets and Advisory Department acted as the financial advisor to a long-term loan of EUR 160 million and project financing of USD 55 million in 2016.

#### ÜNLÜ & Co advised Demsa for its long-term loan of EUR 160 million.

ÜNLÜ & Co worked as the financial advisor and coordinator in a EUR 160 million financing transaction for Demsa, a leading retail player that represents many world-renowned brands in Turkey and has a network of over 120 stores.



**ÜNLÜ & Co acted as the financial advisor in the project finance of USD 55 million for Heksagon Katı Atık.**

ÜNLÜ & Co Debt Capital Markets and Advisory Department served as the financial advisor and coordinator for the USD 55 million financing of the new projects of Heksagon Katı Atık, Turkey's largest solid waste management company and a subsidiary of Kırça Holding.

The 11-year loan for Heksagon Katı Atık was provided by the International Finance Corporation (IFC), FMO, Proparco and Canada-based Cordiant Capital. Together with the USD 75 million loan closed in 2015 as the first tranche, the total project financing utilized by the company reached USD 130 million.

**Leading intermediary for debt capital markets transactions**

ÜNLÜ & Co Debt Capital Markets and Advisory Department provides intermediary services for the issuance of Turkish lira bonds/bills, foreign currency bonds, credit linked notes, convertible/interchangeable bonds, and asset-backed securities.

With a transaction volume of over TL 1.2 billion in 2014-2016, ÜNLÜ & Co has a market share of 12% in Turkish Lira real sector corporate bond issues. It is also the only investment institution independent from commercial banks that ranked in the top five in terms of transaction volume and number.

The Debt Capital Markets and Advisory Department continued its product development efforts in 2016 and has applied to Capital Markets Board for establishment of an asset financing fund (Varlık Finansman Fonu) to be able to issue asset-backed securities for its clients, and is looking to issue rental certificates for one of its clients in 2017.

In 2017, ÜNLÜ & Co Debt Capital Markets and Advisory Department will be focusing on strengthening its role as trusted advisor in addressing its clients' debt funding requirements.

**With a transaction volume of over TL 1.2 billion in 2014-2016, ÜNLÜ & Co has a market share of 12% in Turkish Lira real sector corporate bond issues. It is also the only investment institution independent from commercial banks that ranked in the top five in terms of transaction volume and number.**

## Investment Banking Services

# For the sixth year in a row, we have retained our leadership position in the equity block sales in Turkey.



With a market share of 43% excluding privatizations and intra-group transactions, ÜNLÜ & Co has maintained its leadership position for six years between 2010 and 2016 in the block sales in Turkey-a market where globally renowned investment banks are often actively involved.

## 27

Twenty-seven of the 86 block sales transactions conducted between 2010 and 2016 were undersigned by ÜNLÜ & Co.

### EQUITY CAPITAL MARKETS

ÜNLÜ & Co offers advisory and brokerage services for the initial public offerings, secondary public offerings, block sales and capital increases realized in the equity capital markets of Borsa İstanbul.

The Equity Capital Markets Department closely monitors the leading companies in Turkey, strives to find the most appropriate solution in line with market conditions to meet the needs of these enterprises, and ensures that the transactions are completed successfully.

#### Market leader for six years

With a market share of 43% excluding privatizations and intra-group transactions, ÜNLÜ & Co has maintained its leadership position for six years between 2010 and 2016 in the block trading market in Turkey-a market where world's investment banks are often actively involved.

Twenty-seven of the 86 block sales transactions conducted between 2010 and 2016 were undersigned by ÜNLÜ & Co.

#### A domestic brand focused on Turkish companies

As a domestic company that competes with investment banks operating around the world, ÜNLÜ & Co focuses exclusively on companies in Turkey.

ÜNLÜ & Co Equity Capital Markets Department creates value for its clients with its professional competence, skill in understanding domestic market conditions, and unrivalled care for its business. With this approach, the department has earned a solid reputation and trust among investors as well as large companies.

#### 2016 transactions

ÜNLÜ & Co managed solely the equity sales of Soda Sanayi A.Ş. (Soda Sanayi) and Petkim Petrokimya Holding A.Ş. (Petkim) in 2016.

ÜNLÜ & Co executed the sale of Anadolu Cam's 9.7% stake in Soda Sanayi, which has paid-in capital of TL 660 million, on the Borsa İstanbul Wholesale Market. The total value of the sales to 44 domestic and foreign institutional investors was USD 100 million and ÜNLÜ & Co acted as the global coordinator and the sole book runner of the transaction.

ÜNLÜ & Co brokered the sale transaction of SOCAR Turkey Enerji A.Ş.'s 2.75% stake in the capital of Petkim Petrokimya Holding A.Ş. on Borsa İstanbul. The value of this transaction, which was the equivalent of 41 million 278 thousand shares, amounted to USD 51 million.

The Equity Capital Markets Department aims to continue in 2017, in the most effective way possible, its services that add value to Turkey and Turkish companies by developing solutions in the best interests of its clients.





## Investment Banking Services

# Ünlü & Co launched investment banking services in the US after obtaining its brokerage license.



**In 2016, ÜNLÜ & Co's overseas investor meetings not only expanded the company's client portfolio, but also helped investors view Turkey in an accurate light despite the unfavorable political developments during the year.**

### INSTITUTIONAL SALES AND EQUITIES

The Institutional Sales Department plays an active role in advising overseas institutional investors who invest in Turkish capital markets, with a special emphasis on equities.

The Institutional Sales Department has a vast client portfolio, including American, European and Asian mutual funds, hedge funds, pension funds and sovereign wealth funds that focus on emerging markets.

With seven experienced professionals, the Institutional Sales Department provides an indispensable service to investors looking for comprehensive information on the Turkish economy, leading sectors and companies. The Institutional Sales Department stands out by offering investors the broadest perspective on Turkey thanks to its local market presence and expertise.

### ÜNLÜ & Co reached over 50 investors at 3<sup>rd</sup> Annual Turkish Banks' CEO Day in London.

As part of its marketing efforts, the Institutional Sales Department organizes roadshows in major financial centers across Europe and the US, bringing together investors with the CEOs and CFOs of prominent Turkish companies listed on Borsa İstanbul.

In the 3<sup>rd</sup> Annual Turkish Banks' CEO Day, organized in London by the Institutional Sales Department, ÜNLÜ & Co brought together the CEOs with over 50 institutional investors in 2016.

With these high profile events, ÜNLÜ & Co helped investors view Turkey in an accurate light despite the unfavorable political developments of 2016.

### New York Office opens: A visionary step to get closer to investors

In 2016, one of the important developments was the inauguration of ÜNLÜ & Co's New York Office. ÜNLÜ Securities Inc. obtained a license for brokerage activities in the US and started its operations. As a result, this new venture started to play a crucial role in helping the Institutional Sales Department widen its client network in that region.



### **New markets, products and investors on the horizon in 2017**

Consolidation in the sector is expected to continue, with resilient players adding to their market share in coming years. Given current market conditions, ÜNLÜ & Co Institutional Sales Department is keen on expanding its client network while adding new products to its services.

This year, the Institutional Sales Department also widened its product range to include corporate bonds in Turkey.

The consistent fund inflows to domestic pension funds has allowed local portfolio management companies become more important players in the Turkish equity market, while they dominate the corporate bond market. The Institutional Sales Department's client reach has widened to cover these funds, with their prominence expected to increase in the coming years.

In line with ÜNLÜ & Co's goal of becoming a regional leader, the Institutional Sales Department is expected to play a crucial role in the company's plans to expand into the countries of the region.



## Investment Banking Services

Our Research Department **offers up-to-date information and investment ideas to investors** via comprehensive and in-depth research reports.



Throughout the year, the Research Department analyzed **63 companies, which accounted for 95% of the total market capitalization of the BIST-100 Index**, prepared reports for stocks based on fundamental analyses, and provided buy/sell investment advice to investors.

# 63

The Research Department covered **15 sectors and 63 companies**.

### RESEARCH

ÜNLÜ & Co Research Department provides up-to-date information and investment ideas about sectors and companies in Turkey in light of the national, global, political and economic developments with the equity and credit research reports it prepares for domestic and foreign investors.

ÜNLÜ & Co Research Department prepares world-class thematic reports, aiming to provide investors with reliable insights and timely recommendations, including equity, credit, and macroeconomic analyses.

Embracing a dynamic perspective, ÜNLÜ & Co's reporting approach is based on closely monitoring and reporting of investment opportunities offered by companies.

In 2016, the Research Department, which has a team of 10 experienced analysts, covered 63 companies in 15 different sectors. Throughout the year, the Research Department analyzed these 63 companies, which accounted for 95% of the total market capitalization of the BIST-100 Index, prepared reports for stocks based on fundamental analyses, and provided buy/sell investment advice to investors.

In addition to analyzing stocks, ÜNLÜ & Co Research Department stands out in the sector by conducting credit analyses that include evaluations related to private sector corporate bonds, and Eurobond issues realized in debt markets.

In parallel with the increasing activities of ÜNLÜ & Co in Iran in 2016, the Research Department initiated regular and extensive research studies on that country. ÜNLÜ & Co Research Department broke new ground among the brokerage houses in Turkey by preparing two important reference sources on Iran: Iran Country Report and The Iranian Consumer Sector Report.

All reports prepared by the Research Department are published in English after a rigorous compliance check. The department's world-class reports are electronically transmitted to foreign and domestic investors.

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

### Research reports followed with interest by domestic and foreign investors

**Market Oracle Reports:** Market Oracle reports the findings of in-depth equity market studies. Published monthly and drawing its information from an extensive database, Market Oracle not only presents the views of the department itself, but also examines other analysts' expectations on different sectors. It seeks to analyze the consensus views on the markets' prospects.



**Istanbul Calling:** İstanbul Calling is a daily bulletin in which the Research Department draws attention to and comments on economic and political developments as well as highlighting the latest company and sector news.

**Monthly Cherry Picks:** Monthly Cherry Picks is another monthly publication in which the research team summarizes its Top Picks and Pair Trade ideas in the equity market.

**Banking Industry Reports:** The ÜNLÜ & Co Research Department also regularly publishes banking industry reports in which weekly and monthly figures are examined, listed banks are assessed, and current views are expressed.

**Issue Rating:** A semi-annual report including information and analysis related to the issuances on the debt instruments markets.

The total number of reports published by the Research Department in 2016 climbed to 160, excluding daily bulletins. In 2016, revenues generated by the research activities of ÜNLÜ & Co jumped 150% year-on-year to more than TL 400 thousand.

ÜNLÜ & Co Research Department also contributes to investor meetings and roadshows held for foreign institutional investors by preparing analysis and presentations. By end-2016, the Research Department reached 100 different investors and participated in promotional efforts during 225 one-on-one investor meetings.

Under ÜNLÜ & Co's marketing activities in 2016, the Research Department organized the 3<sup>rd</sup> Annual Turkish Banks' CEO Day in London, bringing together the general managers of three major Turkish banks with foreign institutional investors. The conference attracted great interest from emerging market equity and debt funds based in Europe, US and Asia and the Research Department's analysts relayed their evaluations on the Turkish economy, major sectors and individual companies.

#### **Research on the countries in the region**

In 2017, the Research Department plans to broaden its product portfolio with more high-value economy reports while increasing the number of sectors and companies it covers. In parallel with ÜNLÜ & Co's vision of regional leadership, research activities focused on Iran will be expanded.



**ÜNLÜ & Co Research Department closely monitors the investment environment in the region and prepares reports for local and foreign investors.**



## Investment Banking Services

**We deliver tailor-made investment ideas** and a wide range of investment solutions to individual investors with a high return target.



ÜNLÜ & Co, which has earned a strong reputation in the market with its advisory services offered to its corporate clients over 20 years, is expanding its operations in this area. The Company has been delivering financial advisory and brokerage services for qualified investors since 2015.

### **INVESTMENT ADVISORY (DAHA) AND BROKERAGE SERVICES**

Following the licensing process completed in 2015, ÜNLÜ & Co established the Investment Advisory and Brokerage Services Department in 2016. The department offers individual investors financial advisory and brokerage services for their transactions on the capital markets.

ÜNLÜ & Co, a leading investment banking services and asset management group of Turkey, now extends its experience and knowledge to qualified individual investors. 'DAHA', the new service developed by ÜNLÜ & Co, assesses client needs in financial investments as a whole, offering individual solutions with customized analysis.

The Investment Advisory and Brokerage Services Department strengthened its management systems, technological infrastructure and professional staff in 2016. The department offers personalized investment strategies tailored for qualified individual clients' portfolio, and delivers financial solutions with an experienced team of 17 professionals.

In 2016, ÜNLÜ & Co set up a fully equipped system with all the requirements to enable buying-selling transactions of leveraged foreign currencies, precious metals, and global stock indices, providing access to global markets for domestic clients. UTradeFX offers buying-selling transaction services for forex parity pairs; precious metals including gold, silver, palladium and copper; indices and contract for difference (CFD) on equities and commodities. The company also provides reliable forex services to investors with 24/5 expert support and professional risk management services.

### **A holistic investment advisory approach**

The Investment Advisory and Brokerage Services Department assesses the future investment goals of clients, their risk-taking profile, balance of income and expenses and asset status to offer customized investment planning with 'DAHA.'

### **A commitment to fair, high-end brokerage**

ÜNLÜ & Co supports its clients with a strong technological infrastructure and a variety of fast and user-friendly online brokerage platforms. The company offers individual brokerage and financial consulting services while enabling investors to follow online brokerage platforms in real time and to easily





manage their investments. A proactive approach to investment advisory as well as constant information flow on domestic and global developments affecting capital markets distinguish ÜNLÜ & Co's high-end individual brokerage services from the rest of the systems currently available in the market.

The Investment Advisory and Brokerage Services Department understands the imperative to provide a fair product range for its clients to attain their investment objectives. It conducts seamless order transmission for the equity market, futures and options exchange, and fixed income securities market through experienced broker teams.

#### **Portfolio management in accord with client risk profile**

The Investment Advisory and Brokerage Services Department provides portfolio management services in line with the risk-return preferences of qualified individual clients in addition to brokerage services. Clients can increase the value of their wealth in mutual funds managed by ÜNLÜ & Co under its portfolio management services, and in various individually structured and diversified financial products under the company's private portfolio management services.

#### **Fast, user-friendly online brokerage services: UTrade**

Thanks to its strong technological infrastructure, ÜNLÜ & Co quickly initiated online brokerage services for individual investors in 2016.

The company's UTrade Web trading platform specifically designed for high-end brokerage services, UTrade Mobile for (iOS/Android) mobile phone applications, and UTrade TS Windows desktop applications enable individual clients to quickly and easily perform their investment transactions on the Internet in a safe and secure manner.

The UTrade online product family offers clients the opportunity to transmit buying-selling orders to the Borsa Istanbul Futures and Options Market (FOM) and equity market, conduct cash and collateral transactions, check their portfolios, and monitor market data instantaneously via their personal computers and smartphones.

ÜNLÜ & Co expects to expand its investment advisory and brokerage services network by opening offices in other cities outside Istanbul in line with its target of expanding its client base and being closer to investors.



**ÜNLÜ & Co expects to expand its investment advisory and brokerage services network by opening offices in cities outside Istanbul in line with its target of expanding its client base and being closer to investors.**

## Investment Banking Services

**We support our clients with a strong technological infrastructure** and a variety of fast and user-friendly online brokerage platforms.



The Individual Brokerage and Financial Advisory Department aims to offer individual brokerage services, qualified brokerage services and personalized financial solutions customised to investor profiles.

### UTrade Product Family

#### UTrade Web Platform [www.utrade.com.tr](http://www.utrade.com.tr)

- › Simple trade order transmission to equity and futures and option markets
- › Transmission of conditional orders, chain orders, park orders, and stop loss orders
- › Cash transactions, FOM collateral deposit/withdrawal transactions
- › Monitoring account portfolio, orders, past transactions
- › Access to ÜNLÜ & Co research reports, buy-sell recommendations, model portfolio
- › Access to real-time BIST market data

#### UTrade Mobile

- › iOS and Android
- › Transmission of simple trade orders to equity and futures and option markets
- › Monitoring instant portfolio information, cost and profit/loss
- › Access to real-time BIST market data
- › Creating a favorites list
- › Extra security provided by "Touch ID" technology

#### UTrade TS

- › Transmission of quick trade orders to equity and futures and options markets
- › Monitoring BIST market data via customizable screen applications
- › "Cockpit" screen designed for professional investors



## Asset Management Services

# We offer high-quality portfolio management services to institutional and individual investors.

ÜNLÜ Portföy, one of the fastest and most steadily growing companies in the portfolio management sector, recorded assets under management of TL 345 million and 1,234 investors.

# 345

TL MILLION

**ASSETS MANAGED  
BY ÜNLÜ PORTFÖY**

### PORTFOLIO MANAGEMENT

ÜNLÜ Portföy is one of the leading independent portfolio management companies in Turkey. It provides high-quality portfolio management services to institutional and individual investors mainly focusing on Turkish bonds, equities and structured products.

#### **The product range is expanded with the issuance of new funds and structured products.**

In 2016, in line with ÜNLÜ & Co's strategic objectives, ÜNLÜ Portföy continued to develop its client base, particularly targeting select individual and institutional investors.

ÜNLÜ Portföy aims to provide high value added, privileged portfolio management services in line with investors' risk-return preferences and based on fair pricing. The company enriches its product range with structured products as well as fixed income funds, principal protected funds and hedge funds.

Structured products are securities that combine a fixed income asset and option contracts with one or multiple underlying assets such as equities, equity indices, currency, interest, FX and commodities.

Principal protected structured products aim to protect the principal if it is held to maturity while allowing the investor to participate in the yield of underlying assets with a predetermined ratio through option contracts. In that respect, ÜNLÜ Portföy issued principal-protected structured products participating in the fall and rise of the BIST-30 index and based on the rise of banking shares basket. ÜNLÜ Portföy provides the opportunity of taking advantage of the equity market by investing in capital-protected funds. This strategy also offers principal protection.

In 2016, ÜNLÜ Portföy also facilitated the issue of DCD (Dual currency deposit) equivalent structured products on a weekly basis. These products are developed for investors who target to earn more than the TL (FX) deposit rate by selling the right to convert his/her TL (FX) principal amount at maturity at a predetermined exchange rate level.

ÜNLÜ Portföy aims to provide higher return for term deposit investors by creating an alternative practice through DCD equivalent structured products.

ÜNLÜ Portföy has also launched the Regional Opportunities Fund, the first fund that enables clients to benefit from the opportunities presented by Iran's reengagement with the global economy.





Also launched in 2016 was the External Debt Fund, which is suitable for investors with foreign currency savings who seek an alternative to term deposit. The fund aims to create absolute return in USD by investing in fixed income assets, both Turkish and foreign government and private sector debt instruments, denominated in local and foreign currencies.

In 2016, ÜNLÜ Portföy established the Real Estate Investment Fund with the aim of benefiting from restructurings and dislocations in the local real estate sector with a medium term perspective. The country's demographics provide a base line of mid-term support for the asset class, making short-term dislocations all the more attractive.

#### **Stable performance**

The fixed income funds that ÜNLÜ Portföy established are suitable for investors accustomed to investing in term deposits and fixed income instruments. Funds aim at higher returns than term deposits with comparable risk and volatility profiles. These funds do not take stock market positions and mainly invest in fixed income securities including government and corporate bonds, in both TL and foreign currencies.

Since its inception October 2012, Second Variable Fund has steadily outperformed its benchmark. In 2016, the Fund outperformed the average return on deposit (11%) by providing 11.88% deposit equivalent return. Likewise, the Third Variable Fund outperformed this number with 11.86% deposit equivalent return.

First Variable Fund aims to provide stock market investors a high yield by taking advantage of the long-term growth potential of Turkish economy. The fund achieved 18.54% return whereas BIST-100 Index recorded 8.52%.

#### **2017: A year of active marketing**

ÜNLÜ Portföy has widened its product range by introducing new financial instruments in 2016. In 2017, in order to promote new financial products and expand its client base, the company aims to increase its marketing efforts.

Also launched in 2016 was the External Debt Fund, which is suitable for investors with foreign currency savings who seek an alternative to term deposit.



## Asset Management Services

# ÜNLÜ Portföy adds value to the wealth of local and foreign investors with its diverse product range.

### ÜNLÜ Portföy Investment Products

Type of Investment Instrument	Name of Investment Instrument	Investment Strategy
Structured Products	Structured Products	Structured products are securities that combine a fixed income asset and option contracts with one or multiple underlying assets such as equities, equity indexes, currency, interest, FX and commodities.
Equity Fund	First Variable Fund (SUA)	The Fund aims to provide stock market investors a high yield by taking advantage of the long-term growth potential of the Turkish economy.
Fixed Income Funds	Second Variable Fund (SUB)	Fixed income funds are suitable for investors who are accustomed to investing in term deposits and fixed income instruments. Our funds aim at higher returns than term deposits with comparable risk and volatility profiles. These funds do not take stock market positions and mainly invest in fixed income securities including government and corporate bonds, in both TL and foreign currencies.
	Third Variable Fund (SUC)	
Principal Protected Funds	Principal Protected Funds participating in the fall of BIST-30 Index	Principal protected funds are financial instruments that limits an investor's portfolio risk through 100% principal protection and invests in diversified asset classes and themes. These funds consists of two components, which are fixed income (term deposits) and options. While the fixed income asset provides the capital protection, the option contract creates an additional return opportunity.
	Principal Protected Funds participating in the rise of BIST-30 Index	
Hedge Funds	Second Hedge Fund (UOS) "Regional Opportunities Fund"	The fund aims to take advantage of the opportunities presented by Iran's reengagement with the global economy. The fund seeks to achieve capital growth through investment in an actively managed portfolio of Iranian fixed income securities and equities, fully in compliance with OFAC rules and limitations.
	Absolute Return Hedge Fund (USY)	The Fund aims to generate absolute return under all market conditions with a flexibility to benefit from the market in both directions by taking long/short positions. The Fund also aims to create additional returns (if and when favorable circumstances arise) through restructurings, distressed assets, securitization, etc.
	External Debt Fund (UPD)	The fund aims to create absolute return in USD by investing in fixed income assets, i.e. both Turkish and foreign government and private sector debt instruments, denominated in local and foreign currencies (USD and EUR). The fund intends to offer a diversified portfolio with different maturities.
Real Estate Investment Fund	First Real Estate Investment Fund (UPG)	The Fund aims to benefit from restructurings and dislocations in the local real estate sector with a medium term perspective. The country's demographics provide a baseline of mid-term support for the asset class, making short-term dislocations all the more attractive.



## Asset Management Services

# The pioneer of the sector since its establishment, İSTANBUL Varlık continues to grow its NPL portfolio.



As of end of 2016, İSTANBUL Varlık recorded a total capital value of its NPL portfolio under management of TL 1.6 billion with 295 thousand clients.

## 295

THOUSAND

NUMBER OF  
İSTANBUL VARLIK'S  
NPL PORTFOLIO  
CLIENTS

### NON-PERFORMING LOAN MANAGEMENT

ÜNLÜ & Co started its business activities in the non-performing loans (NPL) market in 2003 and currently invests in NPL portfolios through its subsidiary İSTANBUL Varlık. Two other Group companies – DUFDAŞ and PLATO Finansal – provide the collection management of the portfolios acquired by İSTANBUL Varlık.

ÜNLÜ & Co has the ability to rapidly evaluate market conditions and to act flexibly thanks to its local experience in the NPL market for over 13 years, a large staff of 200 employees and its local capital.

ÜNLÜ & Co aims to improve its collection performance through effective management of its NPL portfolio and help its clients regain their financial independence.

### İSTANBUL VARLIK

İSTANBUL Varlık currently maintains its operations with a new, local identity and 100% local capital after the Group's foreign partnership ended in 2009. Getting one step closer to its clients and bolstered by synergy with ÜNLÜ & Co, İSTANBUL Varlık provides effective solutions to its clients with a keen awareness of local market conditions.

İSTANBUL Varlık's Group Company DUFDAŞ engages in the management of commercial and corporate NPLs. Following the financial crisis of 2008, PLATO Finansal was established in response to the rise in retail NPLs, and the management capacity of retail and micro-SME NPLs was also enhanced.

İSTANBUL Varlık currently manages one corporate and 17 retail NPL portfolios with over TL 200 million investments to date. İSTANBUL Varlık, one of the most active players in the NPL sector, acquired two new retail NPL portfolios in 2016 and the company now manages 18 NPL portfolios. As of end-2016, İSTANBUL Varlık manages a total unpaid principal balance of TL 1.6 billion and services around 295 thousand clients.

### 2017 Targets

İSTANBUL Varlık expects an increase in the NPL sales in 2017 and plans to invest in highly profitable portfolios.



### PLATO FINANSAL

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

Since its establishment, PLATO Finansal has expanded its workforce effectively, upgraded its technological infrastructure and boosted its operational service competencies. The company steadily increases its collection management performance every year.

Launching new initiatives in order to diversify the company revenues in 2016, PLATO Finansal, with its strong human capital, efficient call center service, extensive legal network and follow-up services, also incorporated non-Group companies into its scope of service.

By the end of 2016, PLATO Finansal executed collection transactions – including credit card debts, overdraft accounts, vehicles, mortgage, consumer and micro-SME loans – of 17 NPL portfolios acquired from 10 different banks.

PLATO Finansal boasts a balanced intra-Group and non-Group portfolio collection performance. Until recently, 95% of the company's revenues stemmed from the intra-Group services. As of end-2016, the breakdown of intra-Group and non-Group portfolios was 60% and 40%, respectively.

Often referred to as the school of the NPL sector, PLATO Finansal is committed to training its employees and constantly invests in this key area. As of year-end 2016, PLATO Finansal provided 164 hours of Beginner Training per person to 77 employees, and 190 hours of In-House Training per person to 183 employees.

With the infrastructure work completed in 2016 and the positive contribution of investments in human resources, PLATO Finansal boosted employee productivity by 45% during the year. Having raised staff productivity effectively and steadily, the success of PLATO Finansal is positively reflected in its financial results.

### 2017 Targets

PLATO Finansal aims to increase its revenues in a balanced manner by increasing the number of intra-group and non-group NPL portfolios it manages in 2017.

Having built strong expertise and track record in the collection management of İSTANBUL Varlık's retail and micro-SME NPL portfolios, PLATO Finansal started providing services to non-group companies with its experienced staff of 170 employees in 2016.



## Asset Management Services

# DUFDAS maintains its leadership position with the right strategies and effective collection performance.

ÜNLÜ Alternative Asset Management (ÜNLÜ Alternatives) provides advisory services to global investors and mutual funds aiming to make long term investments in Turkey. In 2016, ÜNLÜ Alternatives served three funds with a total fund size of USD 185 million.

## 185

USD MILLION

FUND SIZE THAT  
ÜNLÜ ALTERNATIVES  
SERVED IN 2016

### DUFDAS

DU Finansal Danışmanlık Hizmetleri A.Ş. (DUFDAS) engages in the collection management of corporate and commercial NPL portfolios acquired by İSTANBUL Varlık.

Founded in 2006 to provide financial advisory and corporate/commercial portfolio management services, DUFDAS formed business partnerships with domestic and foreign investment banks to engage in the collection management of NPL portfolios in Turkey.

DUFDAS has significantly raised its brand value and bolstered its pioneering position in the market with the effective strategies it has implemented and the successful collection performance it has demonstrated since its establishment.

DUFDAS manages the collection of five different corporate/commercial NPL portfolios with a total capital value of TL 350 million.

Although DUFDAS could not fully achieve its objectives in 2016 due to the adverse macroeconomic environment and stagnant market conditions, the company performed “difficult-to-collect” transactions thanks to coordinated efforts with the legal team and to the effective strategies it implemented.

### 2017 Targets

DUFDAS plans to offer management and collection services to new portfolios in 2017 and to continue to grow with its expanding staff and proactive collection strategies.

### ÜNLÜ ALTERNATIVE ASSET MANAGEMENT

ÜNLÜ Alternatives currently provides advisory services to three investment funds which exclusively target opportunities in Turkey. Two of these funds focus on private equity investments while the third is a multi-asset platform.

Established as a private equity fund (Fund I) with commitments from domestic and foreign investors, Fund I has invested over USD 100 million to date. While a portion of these investments have already been exited with high returns, Fund I still holds equity stakes in ŞOK Marketler T.A.Ş. (ŞOK) and Golf Dondurmaları.

- › ŞOK, acquired together with Yıldız Holding in 2011, continued its robust growth in 2016. With the completion of its infrastructure investments, the company is moving rapidly towards its goal of becoming a leading retailer in Turkey. ŞOK added 1,000 stores to its network in 2016, increasing the total store number to around 4,000 in Turkey.
- › After an initial minority investment in Golf Dondurmaları in 2011, Fund I increased its stake to 55%\* in 2015. Following the change in ownership, the company has been progressively improving its operational performance.

\* Total percentage of ownership including those of other investors with which Fund I partnered.



Following on Fund I's successful track record, second private equity fund (Fund II) was established in 2016. Fund II is focused on expanding its investor base and evaluating investment opportunities in promising growth to companies and entrepreneurial ventures.

ÜNLÜ Alternatives' third fund, UNLU Long Term Investments (ULTI), was established through a partnership between ÜNLÜ & Co and a globally renowned trust in 2015. The total commitment size for ULTI is USD 105 million.

ULTI focuses on long-term investments in the shares of private-sector and publicly-traded companies, in non-performing loans, infrastructure and real estate asset classes through a variety of financing methods such as equity, debt, and other instruments.

ULTI has invested over USD 15 million in publicly traded companies in 2016.

Operating with a team of nine employees, ÜNLÜ Alternatives continued its robust growth in 2016 in line with the portfolio companies under these investment funds.

## 212 CAPITAL PARTNERS

Many factors have become feasible for the development of Internet and technology in Turkey. As the emerging venture capital ecosystem, high penetration of Internet and mobile usage, developing e-commerce infrastructure, strong online and offline consumer habits come together with the demographic data (surplus of young population, areas of interest), Turkey attracts more attention day by day.

ÜNLÜ & Co has established a partnership with 212 Ltd which provides consultancy services to 212 Capital Partners (212). ÜNLÜ & Co thus supported the establishment of 212 Capital Partners, a fund providing venture capital during the establishment stage of the leading internet and communications firms in Turkey.

212 Capital Partners continues to be one of the largest funds providing financial support to start-ups seeking to establish ventures in vertical markets such as software, social games, e-commerce, mobile, social media and cloud computing.

212 Capital Partners continues to be one of the largest funds providing financial support to start-ups seeking to establish ventures in vertical markets such as software, social games, e-commerce, mobile, social media and cloud computing.





## Asset Management Services

# MENA Finans generates unique and expertise-based solutions required by its clients.



**MENA Finans provides advisory services for origination, advisory services for structuring, and due diligence to its clients in line with their investment criteria and a full-fledged private equity service including management services following the investment.**

### **MENA FİNANSAL YATIRIMLAR A.Ş.**

Established in 2012 in line with ÜNLÜ & Co's vision of regional expansion, MENA Finansal Yatırımlar A.Ş. (MENA Finans) is poised as the reputable address of ÜNLÜ & Co in the region, thanks to advisory services it offers and professional relationships it developed so far in the Middle East and North Africa.

Focusing on the institutional investor portfolio, consisting of private equity funds, sovereign wealth funds, regional investment funds and family offices, MENA Finans generates genuine and expertise-based financial solutions required by its clients.

MENA Finans provides exclusive investment consultancy services to the Middle Eastern investors in 3 main areas consisting of private equity investments, real estate projects and mezzanine financing.

### **Private Equity Investments**

MENA Finans provides advisory services for origination, advisory services for structuring, and due diligence to its clients in line with their investment criteria and a full-fledged private equity service including management services following the investment.

### **Real Estate Investments**

In addition to income-generating projects providing a steady return to its clients, MENA Finans provides consulting, financing and structuring support in the area of real estate investments through its expertise on development projects.

### **Mezzanine Financing**

Another service of MENA Finans entails sourcing Mezzanine financing opportunities, which include capital and debt elements in accordance with the criteria of MENA region investors investment services, and providing consulting during the execution phase to the investment.

### **2017 and Beyond**

MENA Finans is of central importance within the scope of ÜNLÜ & Co's long term vision and regional expansion strategy. As the only national financial institution operating in the high-potential Middle East and North Africa market, MENA Finans aims to contribute to Turkey's regional economic role.



## Human Resources

We operate with the acknowledgement that all of our employees are, **at the same time, our stakeholders.**

In taking firm steps toward its goal of regional leadership, ÜNLÜ & Co's high-quality human resources is the most valuable asset of Turkey's leading institution in the area of investment banking and asset management services.

## 12 HOURS

12 hours of training per employee was provided in 2016.



The Human Resources Department undertakes its efforts with the vision of turning ÜNLÜ & Co into the most attractive workplace among the financial institutions in the region, by adopting a fair, transparent human resources policy, and respecting employee rights.

A fair talent management is implemented based on objective criteria and assessment methods. At ÜNLÜ & Co, competency-based development and evaluation are deemed crucial: leadership skills, teamwork and collaboration, goal-orientation, adapting and contributing to corporate culture, and creativity are considered as key elements of superior performance.

ÜNLÜ & Co Promotion Committee practice was initiated in 2016 in order to objectively evaluate the contribution of ÜNLÜ & Co employees to the company and reward superior performance. The Promotion Committee, consisting of the members of the Board of Directors, the Human Resources Director, the relevant Department Manager, and the Managing Directors of the Group, ensures that promotions to managing director levels reflect actual employee performance and potential based on the contribution standards embraced by best human resources practices.





Fully aware that attracting, developing and retaining professional talents is possible through successful human resources practices, the Human Resources Department supports ÜNLÜ & Co's talent strategy with a world-class HR infrastructure. The Human Resources Department aims to elevate ÜNLÜ & Co to a more competitive position in the employment market by completing its digital transformation with the ORACLE HR application launched in 2016 and the re-designed HR pages on its website in an effort to enhance employee and candidate experience.

The Human Resources Department creates opportunities for ÜNLÜ & Co employees to develop themselves through programs designed for the phases of their entire career, in order to improve employees' competencies, strengthen their motivation and loyalty, and increase job satisfaction and employee productivity.

#### **"Our Family Members are Our Stakeholders"**

Viewing all of its employees as stakeholders at the same time, ÜNLÜ & Co offers its employees deferred compensation plans, in which employees can get company shares and stock options. This practice envisages partnership with the company and indicates in a concrete manner the company's aim to "grow together" with its employees.

#### **Leader Coaching Program, and Mentor-Mentee Program for Employees**

The Human Resources Department launched the Leader Coaching Program in 2016 to carry the leadership qualities of ÜNLÜ & Co executives to the forefront, with the awareness that the most important driving force for organization-wide positive change is the executives and leaders themselves.

Many executives were given coaching training within the scope of ÜNLÜ & Co Leadership Program, with the aim of increasing the coaching competencies of the top management members, thereby creating high-performance teams that work in harmony and spreading a common management culture throughout all levels of the company. The program was initiated with the support of the Human Resources Department under the leadership of the Senior Management members and plans for extending it so as to cover all team members with managerial responsibilities are under way.

Within the scope of the Mentor-Mentee Program initiated in the Company in 2016, employees are given the opportunity of gaining different perspectives on issues they confront in business life and of developing their competencies through one-on-one mentor support and focus on work.

**The Human Resources Department aims to elevate ÜNLÜ & Co to a more competitive position in the employment market by completing its digital transformation with the ORACLE HR application launched in 2016 and the re-designed HR pages on its website in an effort to enhance employee and candidate experience.**

## Human Resources

# Our 300-highly experienced and professional employees **develop unique solutions for our clients.**

Of the employees working at strategic units of ÜNLÜ & Co, 87% have graduate degrees from the leading educational institutions of Turkey and the world. Also, 28% of the employees working in the strategic units have obtained their bachelor's and master's degrees from foreign educational institutions.

## 81

A total of 81 students have been able to participate in the internship program in different units of the Group companies.

### Employee Trainings

In order to maintain stable growth performance, ÜNLÜ & Co supports and encourages its employees to be well-rounded, open-minded individuals who go well beyond meeting the needs and expectations of clients.

ÜNLÜ & Co allocates a significant portion of its annual employee cost as training budget. The Human Resources Department strives to increase employee competencies and to improve productivity by continuously developing training programs.

In 2016, as part of the ÜNLÜ & Co Learning and Development Program, employees with outstanding performance were supported to attend training programs at respected and accredited institutions abroad.

Twelve hours of training per employee was provided in 2016.

### Management Trainee (MT) Program

The ÜNLÜ & Co Management Trainee Program is an ambitious platform designed to equip new graduates with a unique skill set in core financial services, investment banking and asset management.

Under this program, candidates for full-time roles undergo 12 months of hands-on training in different units of the company under the supervision of the Group's senior and experienced leaders.

The Program mainly intends to support this selected group of new graduates aspiring to a career in finance and investment banking

by designing their career paths to fit their strengths and ambitions.

As of the end of 2016, three management trainees participated in the ÜNLÜ & Co Management Trainee Program. Two of them are graduates of London School of Economics and Warwick, one of them from Fordham University.

Three trainees who had previously completed the program successfully have been hired into full-time roles in ÜNLÜ & Co team.

### Internship Program for University Students

Through rewarding cooperation with the best universities of Turkey, ÜNLÜ & Co provides internship opportunities in group companies for third and fourth grade students.

The Internship Program has been ongoing steadily since 2014 and the intern students are granted the opportunity of gaining experience in 3 to 6-month durations.

Since 2014 to this date, a total of 81 students have been able to participate in the program in different units of the Group companies. 14% of them were from Boğaziçi University, 21% were from Koç University and 12% were from Sabancı University.

Eleven intern students with outstanding performance were offered full-time job opportunities at ÜNLÜ & Co after graduation.



### Assessment Center Practices

At ÜNLÜ & Co, the assessment processes of the candidates are implemented with the utmost diligence and focus.

In addition to cross-functional and stakeholder interviews and other internal tools, the Human Resources Department is also assisted by an independent assessment center for the candidate selection process.

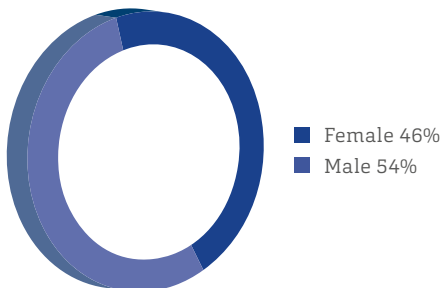
The objective assessment tool delivered by an independent institution offers an objective and reliable methodology, enabling a fair evaluation process.

### ÜNLÜ & Co Employee Profile

Both young with the dynamism and creativity of the new generation and highly experienced with its professionals in the area of investment banking, the number of employees of ÜNLÜ & Co reached over 300 as of the end of 2016.

#### Of all ÜNLÜ & Co employees:

- › 46% are female, 54% are male.
- › The average age is 37 and the average seniority period is 6 years.



Of the employees working at strategic units of ÜNLÜ & Co, 87% have graduate degrees from the leading educational institutions of Turkey and the world. Also, 28% of the employees working in the strategic units have obtained their bachelor's and master's degrees from foreign educational institutions.

Supporting the participation of women in business life at every level of the Group companies, strategic units of ÜNLÜ & Co have 35% more female managers compared to those in operational units, while female leaders account for 46% of all ÜNLÜ & Co leaders.

For the last three years, ÜNLÜ & Co Human Resources Department has undertaken practices during recruitments to support equality in women's employment with a positive approach.

**At ÜNLÜ & Co, the assessment processes of the candidates are implemented with the utmost diligence and focus.**



## Corporate Social Responsibility

# We create sustainable value for the society in the areas of **entrepreneurship, support for women and education.**

ÜNLÜ & Co, which has maintained its activities with a unique spirit of entrepreneurship since its foundation, continues to support social initiatives with the same commitment in Turkey.

Focusing on creating value for the Turkish economy, the financial sector and its stakeholders through its operations, ÜNLÜ & Co aims to create value for society through the social responsibility projects that it develops and supports.

ÜNLÜ & Co supports sustainable initiatives in three main areas consisting of entrepreneurship, support for women, and education in order to create a lasting impact and change.

ÜNLÜ & Co contributes to Turkish Entrepreneurship Foundation (Girvak), Women Entrepreneurs Association of Turkey (Kagider), Turkish Foundation for Children in Need of Protection (Koruncuk), and sponsors scholarship programs for students through cooperation with universities.

In addition to the institutional contributions and sponsorships to social responsibility projects, ÜNLÜ & Co leaders undertake active roles as mentors through training and seminars in these projects, and provide personal contributions to raise public awareness.

ÜNLÜ & Co regards social responsibility initiatives as indispensable to its corporate citizenship responsibility and in 2016 it crowned these initiatives by establishing a social responsibility committee, which employees participate in on a voluntary basis.

ÜNLÜ & Co Social Responsibility Committee works on coordinating aid projects, raising awareness among its stakeholders, creating cooperation and synergy with institutions that are active in similar fields.



### ENTREPRENEURSHIP

#### TURKISH ENTREPRENEURSHIP FOUNDATION (GİRVAK)

Founded by Turkey's leading entrepreneurs and opinion leaders, Girvak aims to promote the entrepreneurial culture, and support it so that it can have a leveraging effect on the long-term development goals of the country.

By bringing young people together with entrepreneurs, the Entrepreneurship Foundation Fellow Program allows them to get to know the business world more closely, to be inspired, and to take advantage of the experiences of entrepreneurs. The Entrepreneurship Foundation is spreading the culture of giving back to society and generating information on specific topics by implementing different projects other than the Fellow Program.

ÜNLÜ & Co Board Member Şebnem Kalyoncuoğlu Ünlü, who is also a member of the Board of Trustees of the Foundation, guides young people by sharing her experiences with them during Girvak Fellow UP inspiration meetings.

[www.girisimcilikvakfi.org](http://www.girisimcilikvakfi.org)



#### SUPPORTING ENDEAVOR TURKEY'S WORK

Endeavor is an association founded in 1997 to support active entrepreneurs in order to contribute to economic development. With offices all over the world, Endeavor established the Turkey Office in 2006. Through this international network; in Turkey and in 25 different countries, active entrepreneurs who will run the great businesses of tomorrow receive private mentorship from the mentor network as well as help to clarify their strategic direction and improve their business models. In addition, they gain access to the specialists, markets and funding sources, which they need in order to reach their growth targets. Having celebrated its 10<sup>th</sup> anniversary in Turkey in 2016, Endeavor Association has selected 76 active entrepreneurs representing a total of 54 companies since 2007, and still actively gives extensive support to 28 entrepreneurs. Endeavor has helped entrepreneurs achieve an annual growth rate of 25%, contributing to the generation of an overall turnover of USD 359 million, and employment for 3,100 people.

#### SUPPORT FOR WOMEN

##### UNITED NATIONS (UN) WOMEN'S EMPOWERMENT PRINCIPLES

Initiated in 2010 and a product of the collaboration of the UN Global Compact and UN Gender Equality and Women's Empowerment initiatives, the Women's Empowerment Principles (WEPs) aim to empower women to ensure they participate in all sectors and at all levels in life.

Believing that the economic effectiveness of women should increase for sustainable growth and social welfare, ÜNLÜ & Co signed UN Women's Empowerment Principles in 2016.

ÜNLÜ & Co, one of the 1,369 companies to have signed the UN Women's Empowerment Principles worldwide, supports its commitment toward promoting women's employment and entrepreneurship with concrete projects.



##### UN Women's Empowerment Principles

- › Providing high-level corporate leadership for gender equality,
- › Treating all men and women fairly at the workplace, respecting human rights and non-discrimination principle, and supporting these principles,
- › Ensuring health, security, and prosperity for all men and women,
- › Supporting women through education, courses, and professional development opportunities,
- › Implementing entrepreneurial development, supply chain and marketing methods that empower women,
- › Encouraging equality through social initiatives and supports,
- › Measuring the development to ensure gender equality, and reporting it publicly.

##### WOMEN ENTREPRENEURS ASSOCIATION OF TURKEY (KAGİDER)

Founded in 2002 as a joint undertaking of 37 women entrepreneurs, the Women Entrepreneurs Association of Turkey (KAGİDER) is a non-profit organization whose 305 members active in a wide range of businesses and sectors support the furtherance of the association's efforts and operations all over Turkey.

Seeking to stand by young women who are enterprising, actively engaged in communal and business life, hardworking, productive and capable of becoming tomorrow's leaders, ÜNLÜ & Co has been providing KAGİDER with material and moral support since 2014.

<http://www.kagider.org>



**Believing that women's effectiveness should be increased in economic activity for sustainable growth and social welfare, ÜNLÜ & Co signed UN Women's Empowerment Principles in 2016.**

## Corporate Social Responsibility

# We offer opportunities for young people to develop their talents through the programs we design.

On its 20<sup>th</sup> anniversary, ÜNLÜ & Co successfully consolidated its three areas of focus for social responsibility, namely entrepreneurship, support for women, and education, and launched ÜNLÜ & Co Women Entrepreneurs Academy.



### ÜNLÜ & CO WOMEN ENTREPRENEURS ACADEMY

Founded by ÜNLÜ & Co with remarkable collaboration by Girvak and Endeavor Turkey, ÜNLÜ & Co Women Entrepreneurs Academy aims to train and support 100 women entrepreneurs through the next 5 years and integrate them to the entrepreneurial ecosystem.

ÜNLÜ & Co guides women to empower them in the economic arena and in their contribution to the economy, by sharing its knowledge and experience with the younger generations who are either in the process of realizing their business ideas or have an existing enterprise.

To this end, ÜNLÜ & Co Women Entrepreneurs Academy has provided training for 20 women entrepreneurs in 2016 in the main topics that an entrepreneur needs, from financial literacy consulting to leadership and human resources management, from setting up a business plan to operational processes.

Having produced its first 20 graduates, the Academy plans by ÜNLÜ & Co leaders to provide mentorship to the graduates of the 2016 academic year throughout the year, while hosting new entrepreneurs in 2017.

### MENTOR - MENTEE PROGRAM

ÜNLÜ & Co Chairman and CEO Mahmut Levent Ünlü continues his mentoring efforts every month with a 'mentee' assigned to him within the context of "More Women at Board in Directors" mentorship program organized by Forbes Magazine in order to support the place and position of women in business life. ÜNLÜ & Co Managing Director of Corporate Finance Advisory Mrs. Simge Ündüz participates in managerial courses given by Çalık Holding Chairman Ahmet Çalık within the scope of Mentor-Mentee Program. ÜNLÜ & Co Board Member Şebnem Kalyoncuoğlu Ünlü, who is also a member of the Board of Trustees of the Foundation, has successfully completed the program.

### SUPPORT FOR EDUCATION

#### THE DUKE OF EDINBURGH FELLOWSHIP PROGRAM

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

ÜNLÜ & Co signed a 5-year agreement for Award Fellowship in 2015 and provides financial support for the program.

[www.intaward.org](http://www.intaward.org)



### KOÇ UNIVERSITY ANATOLIAN SCHOLARS PROGRAM

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

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

[anadolubursiyerleri.ku.edu.tr](http://anadolubursiyerleri.ku.edu.tr)

### ROBERT COLLEGE SCHOLARSHIP PROGRAM

The Robert College Scholarship Program is designed to provide life-long support to the education of students with the support of Robert College graduates and volunteers.

ÜNLÜ & Co has also been contributing to this area since 2014, so that young people can have a decent education and grow up as individuals beneficial to the society and their countries. A "full" scholarship has been established on behalf of ÜNLÜ & Co.

[webportal.robcoll.k12.tr](http://webportal.robcoll.k12.tr)



### TURKISH FOUNDATION FOR CHILDREN IN NEED OF PROTECTION (KORUNCUK FOUNDATION)

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

The non-governmental organization Koruncuk Foundation exists with the support of volunteers and grantors and its mission is to raise children in the "Children's Villages" as individuals beneficial to the society and prepared for the future. Every year, ÜNLÜ & Co regularly contributes to the development of foundation and supports its mission.

[www.koruncuk.org](http://www.koruncuk.org)



### "BOĞAZIÇI IS BUILDING A SCHOOL" PROJECT

ÜNLÜ & Co Family has organized a successful campaign to meet the needs of the kindergarten department of Ağrı Tezeren Village Primary School, which was built by the leadership of Boğaziçi University-Robert College Graduates, Industrialist, Businessman and Administrators Association.



Kurumsal  
Sosyal Sorumluluk  
Komitesi

### ÜNLÜ & CO CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In 2016, ÜNLÜ & Co Corporate Social Responsibility Committee was established with the support of the company upon request from its employees.

As a result of the research and evaluations carried out by the committee, employees and members of the committee generated funds for the majority of the selected projects and efforts are under way.

In addition to the institutional support provided in 2016, ÜNLÜ & Co employees contributed to the construction of Urla Children's Village by competing in the benevolent running contest "Running for Goodness" supported by Koruncuk ADIM, a charity organization on running in Turkey.



## Ünlü Yatırım Holding Board of Directors



**MAH MUT LEVENT ÜNLÜ**  
Chairman

Mahmut Ünlü graduated from the Mechanical Engineering Department of Georgia Institute of Technology in 1989 and received an MBA degree from Rice University, Houston in 1991. He started his career in İktisat Bankası, a Turkish merchant bank in Corporate Finance in 1991. He then moved to Yatırım Bank, Turkey's first investment bank, and set up the Bank's Corporate Finance, Research and International Capital Markets businesses subsequently serving as Assistant General Manager between 1992 and 1995. In 1996, he left Yatırım Bank to co-found Dundas ÜNLÜ, a pioneer in M&A advisory. Mr. Ünlü served as Managing Partner and latterly as the CEO and built Dundas ÜNLÜ into the leading investment banking and asset management group in Turkey. He formed a strategic partnership with Standard Bank Group London Holdings in 2007, called "Standard ÜNLÜ" and served as the Deputy Chairman and CEO. He was also a member of the International Executive Committee of Standard Bank between 2008 and 2012. In 2012, he formed "ÜNLÜ & Co" to acquire 75% stake of Standard ÜNLÜ as well as to control stakes in various asset management businesses and is currently serving as the Chairman and CEO.



**CAN ÜNALAN**  
Deputy Chairman

Can Ünalán graduated from the Business Administration Department of İstanbul University in 1985, majoring in finance and received an MBA degree from Marmara University in 1986. Mr. Ünalán started his banking career in İşbank Audit Department in 1986 and then joined ABN AMRO Bank between 1993 and 2006, holding various positions ranging from CRO (Chief Risk Officer), COO (Chief Operations Officer) to CEO & Board Member. Being a member of Country Credit Committee and ALCO, Mr. Ünalán actively participated in the management positions within the organization. In 2006, Mr. Ünalán joined Garanti Bank - GE Capital partnership and was a member of the Corporate and Commercial Risk Committee. Before joining ÜNLÜ & Co, Mr. Ünalán was acting as the Turkey CEO in Mubadala GE Capital. He is now acting as the Deputy Chairman of ÜNLÜ & Co and General Manager of ÜNLÜ Securities.



**İBRAHİM ROMANO**  
Member

İbrahim Romano graduated from Boğaziçi University Economics Department in 1992 and attended International Relations Program at İstanbul University in 1993. He worked as a Project Assistant at Carrefour between 1993 and 1994, as an Assistant Manager at Yatırım Bank between 1994 and 1996 and as a Manager at Dundas ÜNLÜ between 1996 and 2002. He is serving as the Managing Director of the Corporate Finance Advisory Department at ÜNLÜ & Co. Mr. Romano is also Board Member of ÜNLÜ & Co.





**SELÇUK TUNCALI**  
**Member**

Selçuk Tuncalı graduated from the Mechanical Engineering department of Boğaziçi University in 1989 and obtained an International Management degree from Istanbul University and an MBA degree in finance from Rice University, Houston in 1992. He started his career as a Credit Marketing Officer at Interbank and Ticaret Leasing, and subsequently worked as Head of Treasury Marketing Unit at Finansbank and as Head of Fixed Income at İktisat Yatırım. He joined the company in 2002 and currently serves as the General Manager of İSTANBUL Varlık, the Non-Performing Loan business of ÜNLÜ & Co. Mr. Tuncalı also acts as a Board Member of ÜNLÜ & Co.



**ŞEBNEM KALYONCUOĞLU ÜNLÜ**  
**Executive Board Member**

Şebnem Kalyoncuoğlu Ünlü received her MSc degree in International Accounting and Finance from London School of Economics in 1996 and her BA degree in Management from Boğaziçi University in 1995. Mrs. Ünlü started her career at ABN AMRO Bank in Turkey, where she was Vice President of Structured Finance between 1996 - 1999. After that she joined Credit Suisse in London in 1999, covering Turkey in the Emerging Markets Coverage Group, followed by working as the Country Manager and Head of Investment Banking at Credit Suisse in London until 2006. Following that Mrs. Ünlü serves as the CEO of Alkhair Capital Turkey and Alkhair Asset Management Turkey. Currently Mrs. Ünlü serves as the CEO of MENA Finans and Executive Board Member of ÜNLÜ & Co.

## Ünlü Menkul Değerler Board of Directors



**MAHMUT LEVENT ÜNLÜ**  
Chairman

Mahmut Ünlü graduated from the Mechanical Engineering Department of Georgia Institute of Technology in 1989 and received an MBA degree from Rice University, Houston in 1991. He started his career in İktisat Bankası, a Turkish merchant bank in Corporate Finance in 1991. He then moved to Yatırım Bank, Turkey's first investment bank, and set up the Bank's Corporate Finance, Research and International Capital Markets businesses subsequently serving as Assistant General Manager between 1992 and 1995. In 1996, he left Yatırım Bank to co-found Dundas ÜNLÜ, a pioneer in M&A advisory. Mr. Ünlü served as Managing Partner and latterly as the CEO and built Dundas ÜNLÜ into the leading investment banking and asset management group in Turkey. He formed a strategic partnership with Standard Bank Group London Holdings in 2007, called "Standard ÜNLÜ" and served as the Deputy Chairman and CEO. He was also a member of the International Executive Committee of Standard Bank between 2008 and 2012. In 2012, he formed 'ÜNLÜ & Co' to acquire 75% stake of Standard ÜNLÜ as well as to control stakes in various asset management businesses and is currently serving as the Chairman and CEO.



**CAN ÜNALAN**  
Deputy Chairman

Can Ünalán graduated from the Business Administration Department of Istanbul University in 1985, majoring in finance and received an MBA degree from Marmara University in 1986. Mr. Ünalán started his banking career in İşbank Audit Department in 1986 and then joined ABN AMRO Bank between 1993 and 2006, holding various positions ranging from CRO (Chief Risk Officer), COO (Chief Operations Officer) to CEO & Board Member. Being a member of Country Credit Committee and ALCO, Mr. Ünalán actively participated in the management positions within the organization. In 2006, Mr. Ünalán joined Garanti Bank - GE Capital partnership and was a member of the Corporate and Commercial Risk Committee. Before joining ÜNLÜ & Co, Mr. Ünalán was acting as the Turkey CEO in Mubadala GE Capital. He is now acting as the Deputy Chairman of ÜNLÜ & Co and General Manager of ÜNLÜ Securities.



**ATTILA KÖKSAL**  
**CFA - Board Member**

Having graduated from Boğaziçi University, Department of Mechanical Engineering in 1983, Attila Köksal received an MBA degree from Drexel University in Philadelphia in 1985. Between 1991 and 1996, Mr. Köksal served as the General Manager at Inter Yatırım A.Ş., and between 1996 and 2001, he worked as the CEO of the same company. Since 2002 until 2013, Attila Köksal has been acting as the General Manager of Dundas ÜNLÜ, Standard ÜNLÜ, and now ÜNLÜ & Co under its new title. Mr. Köksal is currently a member of the Board of Directors at ÜNLÜ Menkul Değerler A.Ş. Attila Köksal, who also serves as the Chairman of the Board of the Intermediary Institutions Association, is also a member of the CFA Institute Board of Directors.



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

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

## Executive Management



**From left to right:** Esra Korkmazarslan (DUFDAŞ General Manager), Erdem Selim (Debt Finance & Advisory Managing Director), Uygur Aksoy (Treasury Department Managing Director), Simge Ündüz (Corporate Finance Managing Director), Tunç Yıldırım (Institutional Sales & Trading Managing Director), Sema Argın (İSTANBUL Varlık Assistant General Manager), Kerem Göktan (ÜNLÜ Alternatives Managing Director), Kağan Çevik (Equity Market Managing Director)

**Right page from left to right:** Selçuk Tuncalı (ÜNLÜ & Co Member of the Board of Directors and İSTANBUL Varlık General Manager), Murat Gülkan (ÜNLÜ Portföy General Manager), Utku Özay (ÜNLÜ Alternatives Managing Director), Banu Öksün (Human Resources and Corporate Communications & Marketing Director), Tuncay Kuli (Chief Operations Officer), Zafer Onat (ÜNLÜ Menkul Değerler A.Ş. Board Member), Mehmet Sezgin (Corporate Finance Managing Director)



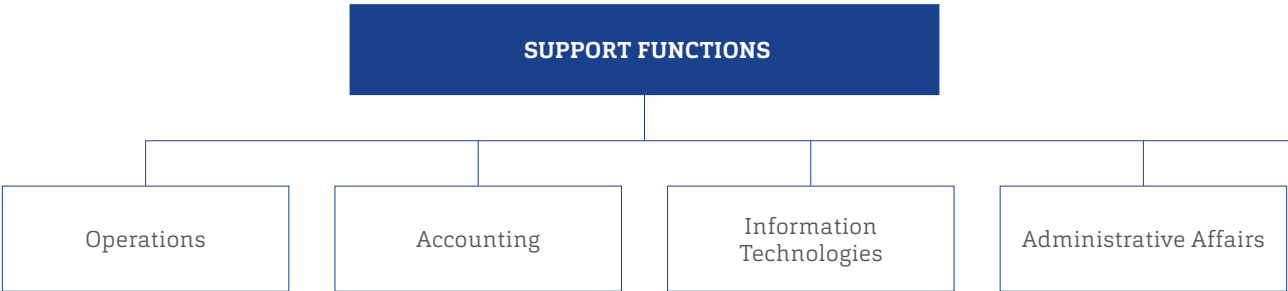
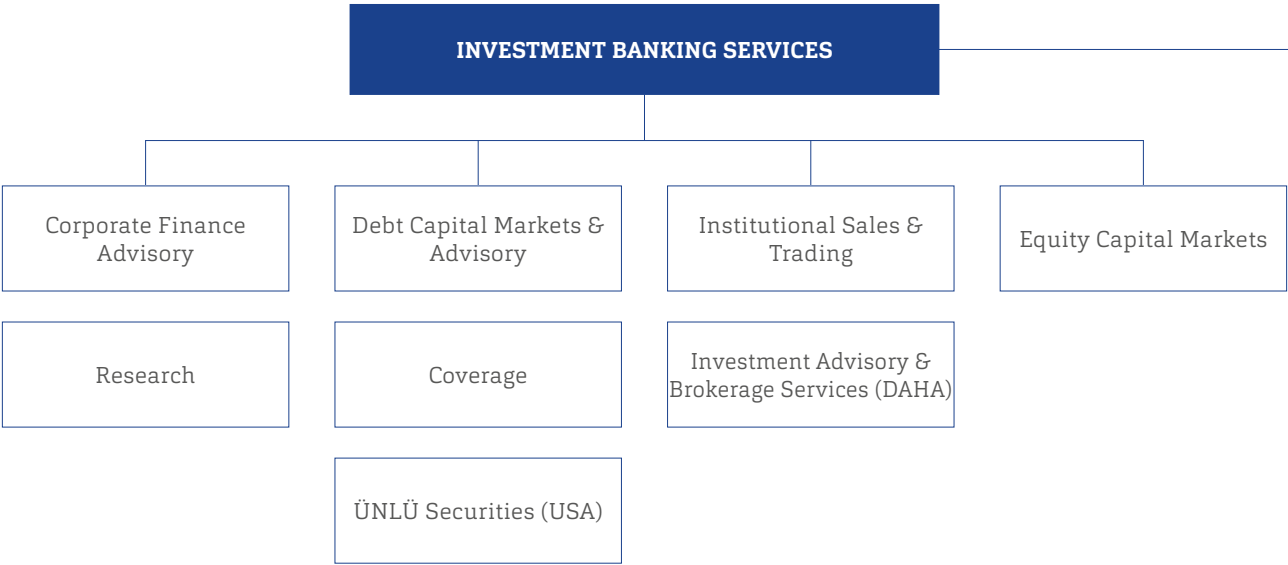
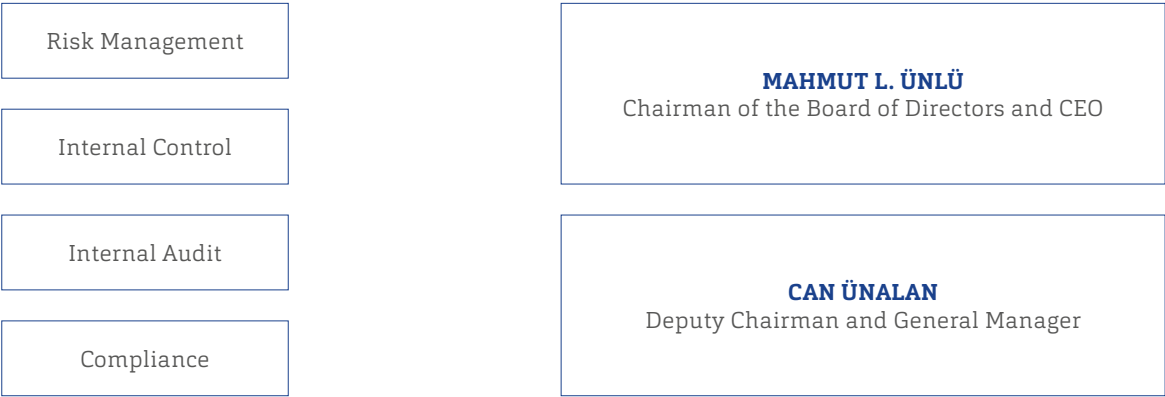


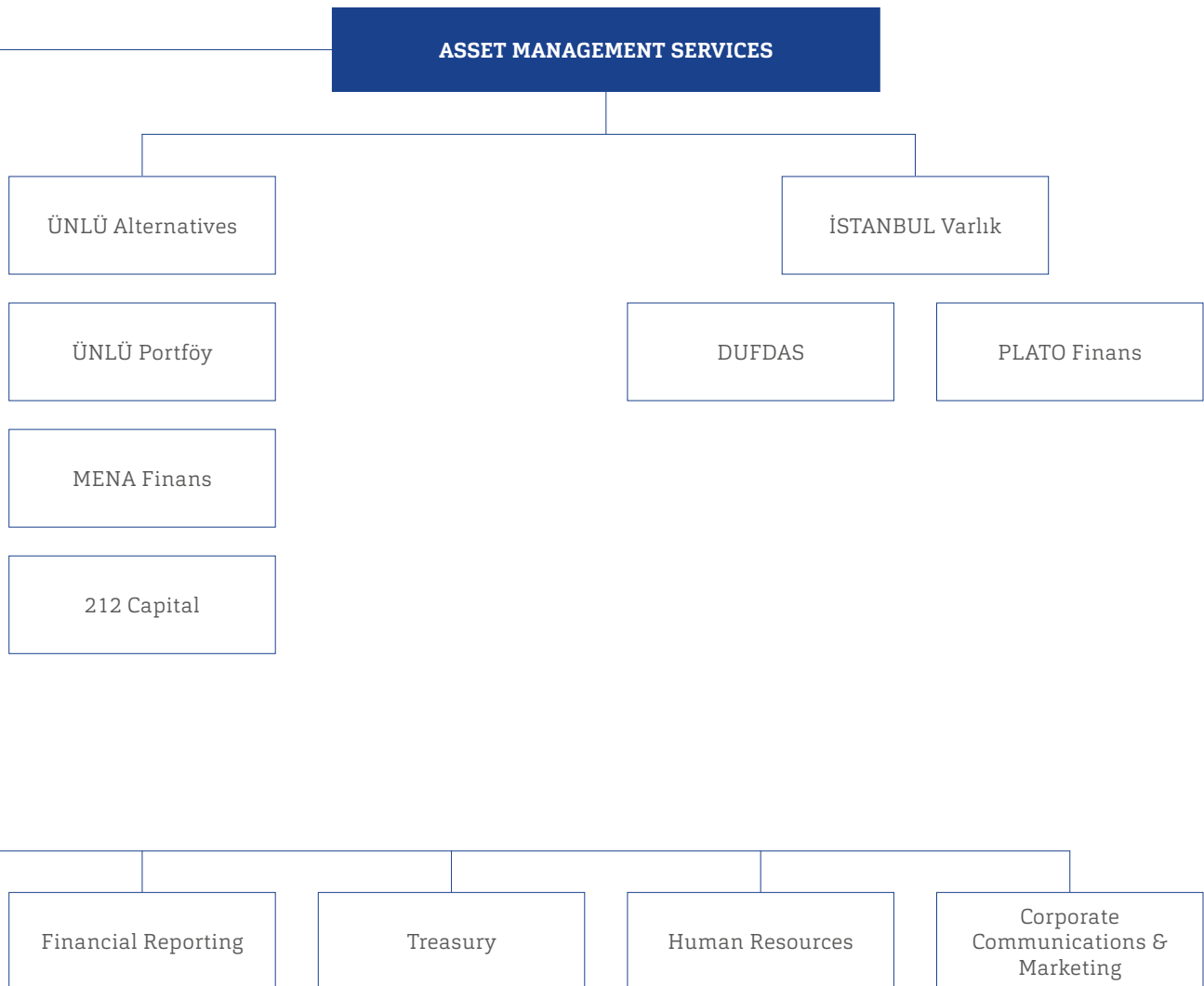
**Left front row from left to right:** Vedat Mizrahi (Research Managing Director), Ayşe Akın (Debt Capital Markets and Advisory Managing Director), Batur Özyar (Institutional Sales & Trading Managing Director), Banu Köker (Corporate Client Relations Managing Director), Can Ünalın (ÜNLÜ & Co Deputy Chairman and ÜNLÜ Menkul Değerler A.Ş. General Manager)

**Right front row from left to right:** Mahmut L. Ünlü (ÜNLÜ & Co Chairman and CEO), Şebnem Kalyoncuoğlu Ünlü (ÜNLÜ & Co Executive Board Member), Attila Köksal (ÜNLÜ Menkul Değerler A.Ş. Executive Board Member), İbrahim Romano (ÜNLÜ & Co Board Member and Corporate Finance Managing Director), Burak Dedeler (ÜNLÜ Alternatives Managing Director)



## Organization Chart





## Corporate Governance and Risk Management Policies

# ÜNLÜ & Co monitors the existing risks systematically and takes the necessary precautions.



**In the framework of its risk-based approach, ÜNLÜ & Co regularly monitors systematically all business areas in which it operates and the high risks it is exposed to and takes the necessary precautions regarding its results.**

ÜNLÜ & Co is not required to prepare Corporate Governance Principles Compliance Report since its shares are not listed on the stock exchange. However, compliance risk is managed and monitored by the Compliance Department. Compliance risk is defined as the risk of legal or regulatory sanctions, financial loss or loss of reputation that may be suffered as a result of failure to comply with all applicable laws, regulations, codes of conduct and standards of good practice. Ensuring the effective management and supervision of compliance risk is under the ultimate authority and responsibility of the Board of Directors.

The Compliance Department develops policies for the compliance risks that the ÜNLÜ & Co group of companies may be exposed to, reviews the said policies on a regular basis in line with changes in business activities and market conditions and oversees their implementation.

In the framework of its risk-based approach, ÜNLÜ & Co regularly monitors within a program all business areas in which it operates and the high risks it is exposed to and takes the necessary precautions regarding its results.

ÜNLÜ & Co acts fairly and honestly to protect clients' interests and market integrity while conducting its business activities. In this respect, it has established an organizational structure appropriate for preventing potential conflict of interests and has taken the necessary administrative measures.

The Compliance Department also meets ÜNLÜ & Co's obligations relating to the Prevention of Laundering Proceeds of Crime and Terrorism Financing and thus reports the results of risk monitoring to the Board of Directors on a regular basis.

ÜNLÜ & Co staff operates according to its Compliance Manual (which also includes a Corporate Code of Ethics) which reflects all of the Company's policies.

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risk includes a variety of risk sub-types, such as fraud, compliance, physical and legal risks.

ÜNLÜ & Co's operational risk management approach involves identifying, assessing, monitoring and measuring the risks. ÜNLÜ & Co aims to adopt operational risk practices that assist business-line management in understanding their inherent risk and reducing their risk profile in line with the Group's risk tolerance, while maximizing their operational performance and efficiency. ÜNLÜ & Co's operational risks and identification, evaluation, monitoring and mitigation of these risks are managed under the supervision of the Executive Committee.

ÜNLÜ & Co is making the necessary efforts in line with local regulations and international best practices to measure operational risk in accordance with its scale and is committed to the management and measurement of operational risk.

The occupational health and safety of employees is a priority for us. ÜNLÜ & Co aims to identify and reduce the probabilities of accidents or injuries in all of its operations. With this in mind, ÜNLÜ & Co Occupational Health and Safety Policy, which covers standards for health and safety requirements, is in force. The Policy was developed in accordance with Occupational Health and Safety Law No. 6331 and related legislations. Training of staff on health and safety issues and raising awareness is an ongoing endeavor at ÜNLÜ & Co.







**ÜNLÜ YATIRIM HOLDİNG A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2016  
TOGETHER WITH INDEPENDENT AUDITOR'S  
REPORT ORIGINALLY ISSUED IN TURKISH**



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

To the Board of Directors of Ünlü Yatırım Holding A.Ş.

**Report on the Consolidated Financial Statements**

1. We have audited the accompanying consolidated financial statements of Ünlü Yatırım Holding A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position (balance sheet) as at 31 December 2016 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Consolidated Financial Statements**

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

**Independent Auditor's Responsibility**

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

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

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

**Opinion**

4. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ünlü Yatırım Holding A.Ş. and its subsidiaries as at 31 December 2016 and their financial performance and cash flows for the period then ended in accordance with Turkish Accounting Standards.

**Other Responsibilities Arising From Regulatory Requirements**

5. In accordance with subparagraph 4 of Article 402 of the Turkish Commercial Code ("TCC") No:6102; 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 2016 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.
6. In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within context of audit.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.



Didem Demer Kaya, SMMM  
Partner

Istanbul, 31 March 2017

# **ÜNLÜ YATIRIM HOLDİNG A.Ş.**

## **CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2016**

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**ÜNLÜ YATIRIM HOLDİNG A.Ş.**  
**CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED CONSOLIDATED**  
**STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)**  
**AT 31 DECEMBER 2016 ORIGINALLY ISSUED IN TURKISH**

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

	Notes	31 December 2016	31 December 2015
<b>ASSETS</b>			
<b>Current assets</b>		<b>387,355,288</b>	<b>245,470,099</b>
Cash and cash equivalents	5	182,634,631	104,128,590
Financial investments	6	30,375,230	15,818,008
Trade receivables	8	135,090,604	112,913,090
- <i>Trade receivables due from related parties</i>	4	192,587	642,781
- <i>Trade receivables due from other parties</i>	8	134,898,017	112,270,309
Other receivables	9	34,121,776	4,674,533
- <i>Other receivables due from related parties</i>	4	155,186	285,513
- <i>Other receivables due from other parties</i>	9	33,966,590	4,389,020
Current income tax assets	26	57,919	3,379,772
Prepaid expenses	10	894,293	559,552
Other current assets	11	1,321,394	1,137,113
Assets held for sale	12	2,859,441	2,859,441
<b>Non-current assets</b>		<b>75,871,571</b>	<b>63,191,621</b>
Financial investments	6	1,982,066	2,142,694
Investments accounted through equity method	7	35,338,101	22,750,868
Other receivables	9	80,331	68,831
Property and equipment	15	3,341,469	3,223,407
Intangible assets		30,983,983	30,457,977
- <i>Goodwill</i>	16	29,198,326	29,198,326
- <i>Other intangible assets</i>	16	1,785,657	1,259,651
Deferred tax assets	26	4,145,621	4,547,844
<b>Total assets</b>		<b>463,226,859</b>	<b>308,661,720</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>223,759,140</b>	<b>123,841,725</b>
Short term financial liabilities	13	117,676,281	52,612,948
- <i>Short term financial liabilities due to related parties</i>	4	9,955,929	10,238,012
- <i>Short term financial liabilities due to other parties</i>	13	107,720,352	42,374,936
Other financial liabilities	14	2,658,685	3,549,831
Trade payables	8	88,516,754	47,253,257
- <i>Trade payables due to related parties</i>	4	74,405,832	34,232,884
- <i>Trade payables due to other parties</i>	8	14,110,922	13,020,373
Other payables	9	5,459,211	8,226,426
- <i>Other payables due to related parties</i>	4	156,708	184,061
- <i>Other payables due to other parties</i>	9	5,302,503	8,042,365
Current income tax liabilities	26	504,718	42,620
Short term provisions		8,772,110	12,002,613
- <i>Provisions</i>	17	1,064,250	505,000
- <i>Provisions for employee benefits</i>	19	7,707,860	11,497,613
Other short term liabilities	11	171,381	154,030
<b>Non-current liabilities</b>		<b>81,743,284</b>	<b>92,457,532</b>
Long term financial liabilities	13	67,564,388	82,785,055
- <i>Long term financial liabilities due to related parties</i>	4	30,374,381	33,481,131
- <i>Long term financial liabilities due to other parties</i>	13	37,190,007	49,303,924
Long term provisions		2,065,407	1,494,258
- <i>Provisions for employee benefits</i>	19	2,065,407	1,494,258
Deferred tax liabilities	26	12,113,489	8,178,219
<b>Shareholders' equity</b>		<b>157,724,435</b>	<b>92,362,463</b>
<b>Equity attributable to owners of the parent</b>		<b>159,074,671</b>	<b>92,965,155</b>
Share capital	20	37,663,341	33,858,378
Repurchased shares	20	(88,204)	-
Share premium	20	72,966,880	23,850,053
Other comprehensive expenses that will not be reclassified to profit or loss		(184,699)	(425,715)
- <i>Remeasurement losses of defined benefit plans</i>	20	(184,699)	(425,715)
Other comprehensive income that will be reclassified to profit or loss		17,747,221	9,578,140
- <i>Currency translation differences</i>	20	16,801,732	9,578,140
- <i>Revaluation gain on available for sale financial assets</i>		945,489	-
Retained earnings	20	26,104,299	18,921,432
Net income for the period	20	4,865,833	7,182,867
<b>Non-controlling interests</b>		<b>(1,350,236)</b>	<b>(602,692)</b>
<b>Total liabilities and shareholders' equity</b>		<b>463,226,859</b>	<b>308,661,720</b>

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

# ÜNLÜ YATIRIM HOLDİNG A.Ş.

## CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2016 ORIGINALLY ISSUED IN TURKISH

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

	Notes	1 January - 31 December 2016	1 January - 31 December 2015
<b>PROFIT OR LOSS</b>			
Sales		2,055,770,072	554,202,678
- Sales	21	1,969,295,227	454,313,148
- Service income	21	99,640,735	129,479,484
- Deductions from services income	21	(13,165,890)	(29,589,954)
Cost of sales	21	(1,959,394,346)	(445,455,175)
<b>Gross profit</b>		<b>96,375,726</b>	<b>108,747,503</b>
Marketing, selling and distribution expenses	22	(4,115,419)	(1,830,289)
General administrative expenses	22	(82,084,381)	(78,972,381)
Other operating income	23	556,340	20,430
<b>Operating profit</b>		<b>10,732,266</b>	<b>27,965,263</b>
Share of profit/(loss) of investments accounted for using the equity method	7	4,382,784	(1,854,648)
<b>Profit before financial expenses</b>		<b>15,115,050</b>	<b>26,110,615</b>
Financial income	24	26,210,398	36,396,679
Financial expenses	25	(31,067,371)	(46,496,025)
<b>Profit before tax from continuing operations</b>		<b>10,258,077</b>	<b>16,011,269</b>
<b>Tax expense from continuing operations</b>			
- Tax expense for the period	26	(2,156,708)	(5,547,993)
- Deferred tax (expense)/income	26	(3,983,179)	1,152,594
<b>Profit from continuing operations</b>		<b>4,118,190</b>	<b>11,615,870</b>
<b>Profit attributable to:</b>			
Equity holders of the parent		4,865,833	7,182,867
Non-controlling interests		(747,643)	4,433,003
<b>Net income for the period</b>		<b>4,118,190</b>	<b>11,615,870</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to profit or loss</b>		<b>241,115</b>	<b>(358,258)</b>
Remeasurement losses of defined benefit plans		301,393	(447,823)
Deferred tax (expense)/income		(60,278)	89,565
<b>Items that will be reclassified to profit or loss</b>		<b>8,169,081</b>	<b>5,279,658</b>
Change in fair value of available for sale financial assets		1,181,861	-
Change in fair value of available for sale financial assets, tax effect		(236,372)	-
Currency translation differences		7,223,592	5,279,658
<b>Other comprehensive income</b>		<b>8,410,196</b>	<b>4,921,400</b>
<b>Total comprehensive income</b>		<b>12,528,386</b>	<b>16,537,270</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent		13,275,930	12,112,574
Non-controlling interests		(747,544)	4,424,696
<b>Total comprehensive income</b>		<b>12,528,386</b>	<b>16,537,270</b>

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



# ÜNLÜ YATIRIM HOLDİNG A.Ş.

## CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD

1 JANUARY - 31 DECEMBER 2016 ORIGINALLY ISSUED IN TURKISH

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

Attributable to owners of the parent													
		Notes	Paid capital	Repurchased shares	Share premium	Remeasurement losses of defined benefit plans	Revaluation gain on sale financial asset	Currency translation differences	Retained earnings	Net income for the period	Equity of the parent	Non-controlling interests	Total
1 January 2015		20	32,153,606	-	439,820	(56,823)	-	4,279,541	19,786,051	5,949,590	62,551,785	16,938,753	79,490,538
Capital increase		20	1,704,772	-	23,410,233	-	-	-	-	-	25,115,005	-	25,115,005
Transactions with non-controlling interests			-	-	-	-	-	-	(6,814,209)	-	(6,814,209)	(21,966,141)	(28,780,350)
Transfers		20	-	-	-	-	-	-	5,949,590	(5,949,590)	-	-	-
Net income for the period			-	-	-	-	-	-	-	7,182,867	7,182,867	4,433,003	11,615,870
Other comprehensive income		20	-	-	-	(368,892)	-	5,298,599	-	-	4,929,707	(8,307)	4,921,400
31 December 2015			33,858,378	-	23,850,053	(425,715)	-	9,578,140	18,921,432	7,182,867	92,965,155	(602,692)	92,362,463
1 January 2016			33,858,378	-	23,850,053	(425,715)	-	9,578,140	18,921,432	7,182,867	92,965,155	(602,692)	92,362,463
Capital increase		20	3,804,963	-	49,116,827	-	-	-	-	-	52,921,790	-	52,921,790
Transfers		20	-	-	-	-	-	-	7,182,867	(7,182,867)	-	-	-
Decrease due to repurchase shares		20	-	(88,204)	-	-	-	-	-	-	(88,204)	-	(88,204)
Net income for the period			-	-	-	-	-	-	-	4,865,833	4,865,833	(747,643)	4,118,190
Other comprehensive income		20	-	-	-	241,016	945,489	7,223,592	-	-	8,410,097	99	8,410,196
31 December 2016			37,663,341	(88,204)	72,966,880	(184,699)	945,489	16,801,732	26,104,299	4,865,833	159,074,671	(1,350,236)	157,724,435

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

# ÜNLÜ YATIRIM HOLDİNG A.Ş.

## CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD

1 JANUARY - 31 DECEMBER 2016 ORIGINALLY ISSUED IN TURKISH

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

	Notes	1 January - 31 December 2016	1 January - 31 December 2015
<b>Cash flows (used in)/from operating activities</b>		<b>(59,190,975)</b>	<b>30,473,180</b>
Net profit for the period		4,865,833	7,182,867
Profit from continuing operations		4,865,833	7,182,867
<b>Adjustments for to reconcile net income to net cash provided by operating activities</b>			
Adjustments for depreciation and amortization	15, 16	1,839,162	928,631
Adjustments for provisions		7,190,042	10,588,964
- <i>Adjustments for provision for employee benefits</i>		6,630,792	10,437,964
- <i>Adjustments for lawsuit provisions</i>		559,250	151,000
Adjustments for dividend income	24	(342,702)	(303,404)
Adjustments for increase in non-current assets held for sale		-	(2,859,441)
Adjustments for interest income and expenses		(6,998,160)	(5,073,839)
Effect of exchange rate changes on cash and cash equivalents		(1,369,090)	(1,876,790)
Adjustments for increase in investments accounted through equity method	7	4,382,784	(1,854,648)
Adjustments for tax expense		5,843,237	4,395,399
Adjustments to reconcile net income or loss		(1,944,577)	873,019
<b>Operating profit before changes in assets and liabilities</b>		<b>13,466,529</b>	<b>12,000,758</b>
Adjustments for (increase)/decrease in trade receivables		(22,177,514)	25,804,873
- <i>Decrease in trade receivables due from related parties</i>		450,194	6,498,300
- <i>(Increase)/decrease in trade receivables due from other parties</i>		(22,627,708)	19,306,573
Adjustments for (increase)/decrease in other receivables		(29,447,243)	3,377,262
- <i>Decrease in other receivables due from related parties</i>		130,327	296,716
- <i>(Increase)/decrease in other receivables due from other parties</i>		(29,577,570)	3,080,546
Adjustments for (increase)/decrease in other current assets		(519,022)	571,046
Adjustments for (decrease)/increase in trade payables		(2,309,621)	2,304,481
Adjustments for decrease in other payables		(2,767,215)	(1,775,770)
- <i>Decrease in other payables due to related parties</i>		(27,353)	(4,186,452)
- <i>(Decrease)/increase in other payables due to other parties</i>		(2,739,862)	2,410,682
Adjustments for increase/(decrease) in other liabilities		17,351	(38,356)
<b>Cash flows (used in)/from operating profit</b>		<b>(43,736,735)</b>	<b>42,244,294</b>
Employment benefits paid		(9,947,908)	(5,386,959)
Taxes paid		(5,506,332)	(6,384,155)
<b>B. Cash flows used in investing activities</b>		<b>(11,994,774)</b>	<b>(6,945,147)</b>
Dividend received		342,702	303,404
Interest received		7,252,492	5,153,756
Change in restricted deposit		(2,710,144)	-
Increase in financial investments		(14,396,594)	(8,773,910)
Purchase of property and equipment	15	(1,116,168)	(2,880,096)
Purchase of intangible assets	16	(1,367,062)	(760,507)
Sale of property and equipment	15	-	12,206
<b>C. Cash flows from/(used in) financing activities</b>		<b>101,785,106</b>	<b>(11,695,084)</b>
Cash inflows from issuance of instruments based on equity and shares		52,921,790	25,115,005
Increase/(decrease) in financial liabilities		49,842,666	(11,581,328)
(Decrease)/increase in other financial liabilities		(891,146)	3,549,831
Cash inflows from the sales of subsidiary leads interest loss		-	1,758
Cash inflows/outflows from acquisition and sales of interest in a subsidiary		-	(28,780,350)
Cash outflows from the Company's purchase its own shares	20	(88,204)	-
<b>D. The effect of change in foreign exchange rates on cash and cash equivalents</b>		<b>1,369,090</b>	<b>1,876,790</b>
<b>Net increase in cash and cash equivalents (A+B+C+D)</b>		<b>31,968,447</b>	<b>13,709,739</b>
Cash and cash equivalents at the beginning of the period	4	60,781,071	47,071,332
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b>	<b>92,749,518</b>	<b>60,781,071</b>

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

# ÜNLÜ YATIRIM HOLDİNG A.Ş.

## CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016 ORIGINALLY ISSUED IN TURKISH

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

### 1 - ORGANISATION AND NATURE OF OPERATIONS

The establishment of Ünlü Yatırım Holding A.Ş. ("The Company") 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, organisation, and other common service field activities with established or to-be-established companies, organise 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 34398 Maslak, Sarıyer İstanbul.

The Company's share capital is totally paid-in and amounting to TL 37,663,341 which consists of shares with a nominal value of TL1 each. 84.96% of the Company's shares are owned by Mahmut Levent Ünlü.

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

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

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

As a result of, respectively the permission of Capital Markets Board permission No. 2012/35 dated 29 August 2013 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.

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 October 2, 2015.

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.

# ÜNLÜ YATIRIM HOLDİNG A.Ş.

## CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016 ORIGINALLY ISSUED IN TURKISH

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

### 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

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.

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 Carey House, Les Banques, St Peter Port, Guernsey, GY1 4BZ. 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 2016, there are 302 (31 December 2015: 328) employees in the Group.

The consolidated financial statements for the year ended 31 December 2016 were approved by the Board of Directors on 31 March 2017. 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) Accounting standards and the compliance to TAS

These consolidated financial statements as of 31 December 2016 had been prepared in accordance with clauses of "Principles Statement Related To Financial Reporting In Capital Market" Serie II-14.1, which had been published in Official Gazette dated 13 June 2013 no. 28676 by Capital Market Board ("CMB"). Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS/IFRS") and additions and comments related to these standards ("TAS/IFRS") which had been constituted by Public Oversight Accounting and Auditing Standards Board ("POA") had been grounded on relying on the 5. Article of this communiqué.

The Group complies with principles announced by CMB, Turkish Commercial Code ("TCC"), tax legislations and uniform chart of accounts which is published by Ministry of Finance of Turkish Republic, in accounting entries and preparation of legal financial statements. Consolidated financial statements have been prepared based on historical cost principal except of financial asset and liabilities where they are represented in fair values. Consolidated financial statements have been prepared via reflecting to legal records which were prepared according to historical cost principal, with required correction and classifications in order to be truly presented in accordance with TAS.

##### (b) New standards and amendments, and interpretations

The Group adopted the new and revised standards, amendments and interpretations which are related with its business activities according to TAS and IFRS and which are mandatory for the accounting periods beginning on or after 31 December 2016.

# ÜNLÜ YATIRIM HOLDİNG A.Ş.

## CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016 ORIGINALLY ISSUED IN TURKISH

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

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

#### New standards, amendments and interpretations effective as of 31 December 2016:

- Amendment to TFRS 14 regarding regulatory deferral accounts, effective from annual periods beginning on or after 1 January 2016. TFRS 14, 'Regulatory deferral accounts' permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply TFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.
- Annual improvements 2014; effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
  - TFRS 5, 'Non-current assets held for sale and discontinued operations'
  - TFRS 7, 'Financial instruments: Disclosures'
  - TAS 19, 'Employee benefits'
  - TAS 34, 'Interim financial reporting'
- Amendment to TFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- Amendments to TAS 16 'Property, plant and equipment', and TAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of TAS 16, instead of TAS 41. The produce growing on bearer plants will remain within the scope of TAS 41.
- Amendment to TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- Amendments to TAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Amendment to TFRS 10 'Consolidated financial statements' and TAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.
- Amendment to TAS 1, 'Presentation of financial statements' on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports.

#### New TFRS standards and amendments effective after 31 December 2016:

- Amendments to TAS 7 'Statement of cash flows' on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.
- Amendments TAS 12 'Income Taxes', effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarify certain other aspects of accounting for deferred tax assets.



# ÜNLÜ YATIRIM HOLDİNG A.Ş.

## CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016 ORIGINALLY ISSUED IN TURKISH

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

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

- Amendments to TFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in TFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.
- TFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- TFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. TFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- Amendment to TFRS 15, 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.
- TFRS 16 'Leases', effective from annual periods beginning on or after 1 January 2019, This standard replaces the current guidance in TAS 17 and is a farreaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under TFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- Amendments to TFRS 4, 'Insurance contracts' regarding the implementation of TFRS 9, 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:
  - Give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when TFRS 9 is applied before the new insurance contracts standard is issued; and
  - Give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying TFRS 9 until 2021. The entities that defer the application of TFRS 9 will continue to apply the existing financial instruments standard-TAS 39.
- Amendment to TAS 40, 'Investment property' relating to transfers of investment property, effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.
- Annual improvements 2014-2016, effective from annual periods beginning on or after 1 January 2018. These set of amendments impacts 3 standards:
  - TFRS 1, 'First-time adoption of TFRS', regarding the deletion of short-term exemptions for first-time adopters regarding TFRS 7, TAS 19, and TFRS 10 effective 1 January 2018.
  - TFRS 12, 'Disclosure of interests in other entities' regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.

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

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

- TAS 28, 'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value effective 1 January 2018.
- TFRIC 22, 'Foreign currency transactions and advance consideration', effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

The following standards and various reviews have not been published yet by POA:

- TFRS 9 "Financial instruments"

The following standards and various reviews have not been published yet by POA:

- Amendment to TFRS 2, 'Share-based payment'
- Amendment to TFRS 15 'Revenue from contracts with customers'
- Amendment to TFRS 16 'Leases'
- Amendment to TAS 7 "Statement of cash flows"
- Amendment to TAS 12 "Income Taxes"
- Amendment to TAS 40, "Investment property"
- 2014-2016 annual improvements
- TFRIC 22, 'Foreign currency transactions and advance consideration'
- Amendment to TFRS 4 'Insurance contracts'

The Group management does not foresee any material impact of adoption of the aforementioned standards and interpretations on the financial statements of the Group in the upcoming periods.

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

In order to determine the financial status and performance trends, the consolidated financial statements of the Group have been prepared in comparison with the consolidation financial statements of previous periods. The Group prepared its consolidated statement of financial position as of 31 December 2016 in comparison with the consolidated statement of financial position prepared as of 31 December 2015; prepared consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows between 1 January - 31 December 2016 in comparison with 1 January - 31 December 2015. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

### (d) Functional and presentation currency

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

### (e) Offsetting

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

### (f) Going concern

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

## B. CHANGES IN ACCOUNTING POLICIES

Significant changes in accounting policies and accounting errors are applied retrospectively by restating the prior period financial statements. The accounting policies of the Group are not changed within the year of 2016.

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

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

#### C. CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. The accounting estimates are not changed for the 1 January - 31 December 2016 period.

#### D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (a) Basis of consolidation

##### Subsidiaries

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

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

The table below shows all subsidiaries and other companies within the scope of consolidation, and provides their share ratios as of 31 December 2016 and 2015:

			Final share ratio	
			31 December 2016	31 December 2015
Name of the Company	Country	Main activity and service line		
Subsidiaries;				
Ünlü Menkul Değerler A.Ş. ("Ünlü Menkul") <sup>(1) (**)</sup>	Turkey	Intermediary services	%100.00	%100.00
Ünlü Portföy Yönetimi A.Ş. ("Ünlü Portföy") <sup>(1)</sup>	Turkey	Portfolio management	%100.00	%100.00
Du Finansal Danışmanlık Hizmetleri A.Ş. ("DU Finans") <sup>(2)</sup>	Turkey	Financial consultancy	%100.00	%100.00
Plato Finansal Danışmanlık Servisleri A.Ş. ("Plato Finans") <sup>(***) (2) (3)</sup>	Turkey	Financial consultancy	%76.02	%76.02
İstanbul Varlık Yönetim A.Ş. ("İstanbul Varlık") <sup>(2)</sup>	Turkey	Asset management	%100.00	%100.00
Plato Teknoloji ve Eğitim Servisleri A.Ş. ("Plato Teknoloji") <sup>(****) (3)</sup>	Turkey	Financial consultancy	-	%100.00
Ünlü Securities Inc. ("Ünlü Securities") <sup>(1) (*)</sup>	U.S.A	Intermediary services	%100.00	%100.00
Mena Finansal Yatırımlar A.Ş. ("Mena Finans")	Turkey	Financial consultancy	%74.99	%74.99
Ünlü Alternative Asset Management Ltd. ("UAAM")	Isle of Man	Financial consultancy	%100.00	%100.00
Turkish Alternative Investments Limited ("TAIL") <sup>(4)</sup>	Guernsey	Investment services	%100.00	%100.00
UPE Investments Ltd. ("UPE") <sup>(****)</sup>	Guernsey	Investment services	%100.00	%100.00
Associates presented in the financial statements with equity method				
SU Turkish Private Equity Oppor. I. S.C.A., SICAR <sup>(5)</sup>	Luxembourg	Private equity	%11.99	%11.99
Ünlü LT Investments Limited Partnership ("Ünlü LT") <sup>(***) (4) (6)</sup>	Guernsey	Private equity	%4.76	%9.09

<sup>(\*)</sup> Ünlü Securities was established on 9 February 2015 in the United States and its founding partner, which owns 100% of its shares, is Ünlü Menkul Değerler A.Ş.

<sup>(\*\*)</sup> The Company increased its ownership rate within its subsidiary Ünlü Menkul by 25% up to 100% by share transfer agreement made with Standard Bank Group Limited as of 20 August 2015.

<sup>(\*\*\*)</sup> As of 18 August 2016, all shares of DU Finans are purchased with all assets and liabilities by the Company and related shares are transferred to İstanbul Varlık as of 21 November 2016.

<sup>(\*\*\*\*)</sup> Plato Teknoloji has been decided to be liquidated because of no profit expectations pointed through General Assembly decision dated 1 March 2016. The Company is liquidated as of 23 December 2016.

<sup>(\*\*\*\*\*)</sup> UPE Investments was established on 11 May 2015 in the Guernsey and its founding partner, which owns 100% of its shares, is Ünlü Yatırım Holding A.Ş.

<sup>(1)</sup> Ünlü Yatırım Holding A.Ş. owns 100% shares of Ünlü Menkul, Ünlü Portföy, Ünlü Securities.

<sup>(2)</sup> İstanbul Varlık owns 76.02% of Plato Finans and 100.00% of DU Finans' shares.

<sup>(3)</sup> Plato Finans owns 100% of Plato Teknoloji as of 31.12.2015.

<sup>(4)</sup> TAIL owns 4.76% of Ünlü LT (31 December 2015: %9.09).

<sup>(5)</sup> Turkish Holdings I Coöperatief UA ("THI"), Turkish Holdings III Coöperatief UA and Turkish Holdings IV Coöperatief UA are subsidiaries of SICAR with 100% share. SICAR accounts financial investments with their fair values in the financial statements.

<sup>(6)</sup> Ünlü LT accounts financial investments with their fair values in the financial statements.

# ÜNLÜ YATIRIM HOLDİNG A.Ş.

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

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

Subsidiaries' balance sheet and comprehensive income statements are combined with consolidated statements of the Company and the carrying amount of the Group's investment in each subsidiary and the Group's portion of the cost value of the capital of each subsidiary are eliminated.

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 as 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 categorised under the equities.

#### (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 on loans is reflected in the consolidated financial statements over values of collection estimates of loans and receivables discounted via the effective interest method. The differences between the current net value and the book value of calculated collection estimates of loan portfolios are recorded under the item of "Interest income from loans" in the "Service income" account.

#### (c) Financial instruments

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

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

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

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

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

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

Assets in this category are classified as current assets.

#### (ii) Financial assets available-for-sale

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

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

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

When these securities' fair value differences are determined, this impairment loss effect is transferred to the income statement.

#### (d) Trade receivables

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

In the event of the collections of the doubtful receivables whether the whole amount or the some part of it, after the booking of the provision for the doubtful receivables, the collected amount is deducted from the doubtful receivables provision (Note 8).

#### (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) Derivative financial instruments

Derivative financial instruments are recognized initially at fair value; attributable transaction costs are recognized in income statement when incurred. When a derivative is not designated in a qualifying hedge relationship, all changes in its fair value are recognized immediately in profit or loss as a component of income/(loss) on derivative instruments.



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

#### (g) Assets held for sale

A fixed asset classified as an asset kept for sales purposes (or a group of fixed assets to be disposed of) is measured by the lower of either its book value or sales cost deducted from fair value. In order for an asset to be classified as an asset for sales purposes (or a group of fixed assets to be disposed of), it should be promptly sellable under usual conditions frequently encountered in the sales of such assets with a high possibility of being sold. To achieve a high possibility for a sale, the proper administrative level should make a plan for the sale of the asset and start an active program for completion of the plan by determining purchasers. Furthermore, the asset should be put on the market actively at a price compatible with its fair value (Note 12).

#### (h) Property and equipment

Property and equipment are carried at cost less accumulated depreciation (Note 15).

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

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

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

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

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

#### (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 accounted accordingly to changes in these estimations (Note 16).

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

#### (j) Impairment of financial assets

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

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

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

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

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

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

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

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

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

### (k) 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.

### (l) 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 2016 foreign currency at the end of the period for EUR transactions is TL 3.7099, for USD transactions, it is TL 3.5192, for GBP transactions, it is TL 4.3189 (31 December 2015: EUR: 3.1776, USD: 2.9076, GBP: 4.3007).

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

With respect to the consolidated financial statements, assets and liabilities of the subsidiaries in foreign currency have been translated into TL with the closing exchange rate at the balance sheet date. Profit/Loss items of the subsidiaries have been translated into TL with average exchange rate of the reporting period. The resulting translation differences amounted to TL 16,801,732 is recognized in other comprehensive income and presented under the equity in the balance sheet (31 December 2015: TL 9,578,140 foreign currency gain).

### (m) Provisions, contingent liabilities and assets

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 17).

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

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.

#### (n) Finance leases (where the Group is "lessee")

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payment. Leased assets are included in the property and equipment and depreciation on the leased asset is charged to income on a straight-line basis over the useful life of the asset. Payables arising from financial leasing agreements are shown under "Finance lease payables" in the financial position statement.

#### (o) Subsequent events

Subsequent events cover any events which arise between the reporting date and the balance sheet date, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed. The Company adjusts its financial statements if such subsequent events arise which require an adjustment to the financial statements (Note 31).

#### (p) 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).

#### (r) 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 26).

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 26).

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.

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## CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016 ORIGINALLY ISSUED IN TURKISH

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

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 accounted 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.

#### (s) 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 19).

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 accounted actuarial gains and losses under the "Other comprehensive income", and other accumulated gains and losses were presented under the "Equity" in the name of "Actuarial losses from employee termination benefits" in the statement of financial position within the related period.

#### (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 16).

#### (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.

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

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 27).

### E. SIGNIFICANT ACCOUNTING ASSESSMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

Note 8 - Trade receivables and payables  
 Note 16 - Property and equipment  
 Note 17 - Provisions, contingent assets and liabilities  
 Note 19 - Provision for employee benefits  
 Note 26 - 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.

One of the Group's subsidiaries, Ünlü Menkul and Ünlü Securities, engaged in brokerage activities in the capital markets in Turkey. UAAM, DU Finans, Plato Finans and İstanbul Varlık give consultancy services regarding asset management. The Group's other subsidiary, Ünlü Portföy, operates in corporate and individual portfolio management segment. UPE, and TAIL operate in private equity sector; Mena, and the Company operate as investment holding.



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### 3 - SEGMENT REPORTING (Continued)

As at 31 December 2016 and 2015, segment reporting is prepared based on the brokerage, portfolio management activities and consultancy services.

31 December 2016	Brokerage, corporate finance and portfolio management services	Asset management, consultancy services	Private equity	Investment holding services	Eliminations	Total
Net sales						
Sales	1,961,316,695	7,978,532	-	-	-	1,969,295,227
Service income	46,061,603	39,568,326	-	14,010,806	-	99,640,735
Deductions from services income	(2,642,055)	(10,523,835)	-	-	-	(13,165,890)
Cost of sales	(1,959,394,346)	-	-	-	-	-(1,959,394,346)
<b>Gross profit</b>	<b>45,341,897</b>	<b>37,023,023</b>	<b>-</b>	<b>14,010,806</b>	<b>-</b>	<b>96,375,726</b>
General administrative, marketing, selling and distribution expense	(52,237,915)	(27,012,657)	(118,841)	(7,572,129)	741,742	(86,199,800)
Other operating income/expenses, net	456,596	90,214	-	341,810	(332,280)	556,340
<b>Operating profit/(loss)</b>	<b>(6,439,422)</b>	<b>10,100,580</b>	<b>(118,841)</b>	<b>6,780,487</b>	<b>409,462</b>	<b>10,732,266</b>
Shares of profit of investments accounted through equity method	-	-	4,382,784	-	-	4,382,784
<b>Profit/(loss) before financial expenses</b>	<b>(6,439,422)</b>	<b>10,100,580</b>	<b>4,263,943</b>	<b>6,780,487</b>	<b>409,462</b>	<b>15,115,050</b>
Financial income	18,980,672	954,050	393	25,765,634	(19,490,351)	26,210,398
Financial expenses	(8,586,577)	(10,948,941)	(1,198,831)	(11,497,701)	1,164,679	(31,067,371)
<b>Profit before tax from continuing operations</b>	<b>3,954,673</b>	<b>105,689</b>	<b>3,065,505</b>	<b>21,048,420</b>	<b>(17,916,210)</b>	<b>10,258,077</b>
Tax expense	(2,156,708)	-	-	-	-	(2,156,708)
Deferred tax income/(expense)	1,105,982	(4,388,675)	-	(700,486)	-	(3,983,179)
<b>Net profit/(loss) from continuing operations</b>	<b>2,903,947</b>	<b>(4,282,986)</b>	<b>3,014,770</b>	<b>20,347,934</b>	<b>(17,916,210)</b>	<b>4,118,190</b>
<b>Items that will not be reclassified to profit or loss</b>	<b>116,186</b>	<b>(70,335)</b>	<b>-</b>	<b>195,264</b>	<b>-</b>	<b>241,115</b>
Actuarial gains/(losses) from employee benefits	145,232	(87,919)	-	244,080	-	301,393
Deferred tax expense/(income)	(29,046)	17,584	-	(48,816)	-	(60,278)
<b>Items that will be reclassified to profit or loss</b>	<b>717,481</b>	<b>7,453,559</b>	<b>(1,959)</b>	<b>-</b>	<b>-</b>	<b>8,169,081</b>
Available for sale financial assets valuation difference	1,181,861	-	-	-	-	1,181,861
Available for sale financial assets valuation difference tax effect	(236,372)	-	-	-	-	(236,372)
Currency translation differences	(228,008)	7,453,559	(1,959)	-	-	7,223,592
<b>Other comprehensive income/ (expense)</b>	<b>833,667</b>	<b>7,383,224</b>	<b>(1,959)</b>	<b>195,264</b>	<b>-</b>	<b>8,410,196</b>
<b>Total comprehensive income</b>	<b>3,737,614</b>	<b>3,100,238</b>	<b>3,063,546</b>	<b>20,543,198</b>	<b>(17,916,210)</b>	<b>12,528,386</b>
<b>Operating segment assets</b>	<b>199,028,022</b>	<b>135,799,786</b>	<b>7,304,310</b>	<b>184,930,713</b>	<b>(63,835,972)</b>	<b>463,226,859</b>
<b>Operating segment liabilities</b>	<b>141,319,567</b>	<b>115,799,180</b>	<b>8,853,818</b>	<b>42,830,138</b>	<b>(3,300,279)</b>	<b>305,502,424</b>
Purchase of tangible and intangible assets	2,122,793	291,019	-	69,418	-	2,483,230
Depreciation and amortization	1,292,567	534,973	-	11,622	-	1,839,162

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### 3 - SEGMENT REPORTING (Continued)

31 December 2015	Brokerage, corporate finance and portfolio management services	Asset management, consultancy services	Private equity	Investment holding services	Eliminations	Total
Net sales						
Sales	446,565,957	7,747,191	-	-	-	454,313,148
Service income	66,043,469	72,694,055	-	-	(9,258,040)	129,479,484
Deductions from services income	(2,489,208)	(27,100,746)	-	-	-	(29,589,954)
Cost of sales	(445,455,175)	-	-	-	-	(445,455,175)
<b>Gross profit</b>	<b>64,665,043</b>	<b>53,340,500</b>	<b>-</b>	<b>-</b>	<b>(9,258,040)</b>	<b>108,747,503</b>
General administrative, marketing, selling and distribution expenses	(47,972,281)	(40,449,298)	(582,498)	(1,126,880)	9,328,287	(80,802,670)
Other operating income/expenses, net	-	90,677	-	-	(70,247)	20,430
<b>Operating profit</b>	<b>16,692,762</b>	<b>12,981,879</b>	<b>(582,498)</b>	<b>(1,126,880)</b>	<b>-</b>	<b>27,965,263</b>
Shares of profit of investments accounted through equity method	-	-	(1,854,648)	-	-	(1,854,648)
<b>Profit before financial expenses</b>	<b>16,692,762</b>	<b>12,981,879</b>	<b>(2,437,146)</b>	<b>(1,126,880)</b>	<b>-</b>	<b>26,110,615</b>
Financial income	31,362,543	1,738,203	1,583	11,201,271	(7,906,921)	36,396,679
Financial expenses	(22,113,667)	(10,810,739)	-	(13,571,619)	-	(46,496,025)
<b>Profit before tax from continuing operations</b>	<b>25,941,638</b>	<b>3,909,343</b>	<b>(2,435,563)</b>	<b>(3,497,228)</b>	<b>(7,906,921)</b>	<b>16,011,269</b>
Tax expense	(5,547,993)	-	-	-	-	(5,547,993)
Deferred tax income/(expense)	(950,237)	282,226	-	1,820,605	-	1,152,594
<b>Net profit from continuing operations</b>	<b>19,443,408</b>	<b>4,191,569</b>	<b>(2,435,563)</b>	<b>(1,676,623)</b>	<b>(7,906,921)</b>	<b>11,615,870</b>
<b>Items that will not be reclassified to profit or loss</b>	<b>(242,055)</b>	<b>(116,203)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(358,258)</b>
Actuarial gains from employee benefits	(302,568)	(145,255)	-	-	-	(447,823)
Deferred tax expense	60,513	29,052	-	-	-	89,565
<b>Items that will not be reclassified to profit or loss</b>	<b>739</b>	<b>5,278,919</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,279,658</b>
Available for sale financial assets valuation difference	-	-	-	-	-	-
Available for sale financial assets valuation difference tax effect	-	-	-	-	-	-
Currency translation differences	739	5,278,919	-	-	-	5,279,658
<b>Other comprehensive income</b>	<b>(241,316)</b>	<b>5,162,716</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,921,400</b>
<b>Total comprehensive income</b>	<b>19,202,092</b>	<b>9,354,285</b>	<b>(2,435,563)</b>	<b>(1,676,623)</b>	<b>(7,906,921)</b>	<b>16,537,270</b>
<b>Operating segment assets</b>	<b>138,876,639</b>	<b>143,146,808</b>	<b>5,103,117</b>	<b>122,621,444</b>	<b>(101,086,288)</b>	<b>308,661,720</b>
<b>Operating segment liabilities</b>	<b>68,279,944</b>	<b>109,608,609</b>	<b>5,103,117</b>	<b>122,621,444</b>	<b>(89,313,857)</b>	<b>216,299,257</b>
Purchase of tangible and intangible assets	2,023,662	1,610,977	5,964	-	-	3,640,603
Depreciation and amortization	721,467	189,616	11,737	5,811	-	928,631

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

### 4 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

#### a) Balances with related parties

	31 December 2016	31 December 2015
<b>Financial investments:</b>		
<b>Financial assets held for trading (Note 6)</b>		
- Ünlü Portföy Üçüncü Değişken Fon	5,233,404	1,043,615
- Ünlü Portföy Dördüncü Serbest Fon	5,100,624	-
- Ünlü Portföy İkinci Değişken Fon	4,081,779	-
- Ünlü Portföy Ünlü Serbest Özel Fon	2,901,977	577,050
- Ünlü Portföy Üçüncü Serbest Fon	2,071,938	-
- Ünlü Portföy Mutlak Getiri Hedefli Serbest Fon	768,671	621,198
- Ünlü Yatırım Holding A.Ş. – Private sector bond	-	8,991,197
	<b>20,158,393</b>	<b>11,233,060</b>
<b>Available-for-sale financial assets (Note 6)</b>		
- 212 Capital Partners I Coöperatief U.A.	1,958,200	1,607,192
- Ünlü Private Equity GP Limited	640,494	1,982,983
- 212 Limited (Cayman Island)	5,674	5,674
	<b>2,604,368</b>	<b>3,595,849</b>
<b>Investments accounted through equity method (Note 7)</b>		
- SICAR	28,162,510	17,905,068
- Ünlü LT	7,175,591	4,845,800
	<b>35,338,101</b>	<b>22,750,868</b>
<b>Receivables:</b>		
<b>Trade receivables (Note 8)</b>		
- Ünlü Portföy İkinci Değişken Fon	119,520	543,961
- Ünlü Portföy Mutlak Getiri Hedefli Serbest Fon	24,036	22,225
- Ünlü Portföy Dördüncü Serbest Fon	18,435	-
- Ünlü Portföy Üçüncü Serbest Fon	12,882	-
- Ünlü Portföy Üçüncü Değişken Fon	11,438	75,840
- Ünlü Portföy İkinci Serbest Fon	5,551	516
- Ünlü Portföy Birinci Değişken Fon	725	239
	<b>192,587</b>	<b>642,781</b>
<b>Other receivables (Note 9)</b>		
- Receivables from personnel	155,186	285,513
	<b>155,186</b>	<b>285,513</b>
<b>Liabilities:</b>		
<b>Other financial liabilities (Note 14)</b>		
<b>(Corporate bonds subjected to repo)</b>		
- Ünlü Portföy İkinci Değişken Fon	-	3,195,880
	-	<b>3,195,880</b>
<b>Financial liabilities (Note 13)</b>		
- Standard Bank London Holding Ltd.	40,330,310	42,371,262
- Ünlü Portföy İkinci Değişken Fon	-	1,347,881
	<b>40,330,310</b>	<b>43,719,143</b>
<b>Trade payables (Note 8)</b>		
- Ünlü LT Investments Limited Partners	64,532,379	77
- Turkish Retail Investments B.V	9,745,129	3,109,372
- Turkish Holdings I Coöperatief	82,409	183,566
- Turkish Holdings IV Cooperatief	30,856	15,612
- DU Finansal Danışmanlık Servisleri A.Ş.	15,059	-
- Ünlü Portföy Mutlak Getiri Hedefli Serbest Fon	-	143,176
- Standard Bank of South Africa	-	30,780,828
- Standard Pacific Capital	-	253
	<b>74,405,832</b>	<b>34,232,884</b>
<b>Short term other payables (Note 9)</b>		
- Payables to personnel	156,708	184,061
	<b>156,708</b>	<b>184,061</b>

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### 4 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### b) Transactions with related parties

	1 January - 31 December 2016	1 January - 31 December 2015
<b>Income from related parties:</b>		
<b>Sales (Investment fund sales)</b>		
- Ünlü Portföy İkinci Değişken Fon	206,081,910	39,110,000
- Ünlü Portföy Mutlak Getiri Hedefli Serbest Fon	3,370,960	-
- Ünlü Portföy Üçüncü Değişken Fon	-	500,000
	<b>209,452,870</b>	<b>39,610,000</b>
<b>Cost of sales (Cost of Investment fund sales)</b>		
- Ünlü Portföy İkinci Değişken Fon	205,890,000	38,993,454
- Ünlü Portföy Mutlak Getiri Hedefli Serbest Fon	3,370,000	-
- Ünlü Portföy Üçüncü Değişken Fon	-	497,468
	<b>209,260,000</b>	<b>39,490,922</b>
<b>Service income (Commission Income)</b>		
- Ünlü Portföy İkinci Değişken Fon	4,399,864	4.696.151
- Ünlü Portföy Üçüncü Değişken Fon	554,643	157.610
- Ünlü Portföy Mutlak Getiri Hedefli Serbest Fon	259,367	239.608
- Ünlü Portföy Üçüncü Serbest Fon	78,666	-
- Ünlü Portföy İkinci Serbest Fon	50,086	5.601
- Ünlü Portföy Dördüncü Serbest Fon	33,352	-
- Ünlü Portföy Birinci Değişken Fon	12,134	2.574
- Ünlü Portföy Anapara Koruma Amaçlı Dördüncü Fon	8,606	-
- Ünlü Portföy Anapara Koruma Amaçlı Birinci Fon	5,554	-
- Ünlü Portföy Anapara Koruma Amaçlı Üçüncü Fon	4,254	-
- Ünlü Portföy Anapara Koruma Amaçlı İkinci Fon	1,621	-
	<b>5,408,147</b>	<b>5,101,544</b>
<b>Service income (Corporate finance income)</b>		
- Standard Bank Plc.	-	4,013,025
- SBG	-	259,302
	<b>-</b>	<b>4,272,327</b>
<b>Financial income (Dividend income)</b>		
- 212 Limited	84,442	62,326
	<b>84,442</b>	<b>62,326</b>
<b>Income from investments accounted through equity method</b>		
- SICAR	4,107,103	-
- Ünlü LT	224,946	-
	<b>4,332,049</b>	<b>-</b>
<b>Expenses to related parties:</b>		
<b>Financial expenses</b>		
- Standard Bank Plc.	1,206,654	1,072,713
	<b>1,206,654</b>	<b>1,072,713</b>
<b>Expense from investments accounted through equity method</b>		
- SICAR	-	1,719,388
- Ünlü LT	-	135,260
	<b>-</b>	<b>1,854,648</b>

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### 4 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

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

Top management consists of general manager, vice general manager, directors and other top management members. For the year ended 31 December 2016, the total amount of salary and other benefits provided to the top management by the Group is TL 15,034,249 (1 January - 31 December 2015: TL 13,829,563).

### 5 - CASH AND CASH EQUIVALENTS

	31 December 2016	31 December 2015
Cash	18,528	14,906
Cash at banks <sup>(*)</sup>	177,717,913	97,996,741
<i>Demand deposit</i>	25,627,772	45,826,364
<i>Time deposit</i>	152,090,141	52,170,377
Receivables from reverse repurchase agreements <sup>(**)</sup>	2,553,583	4,914,816
Derivatives Market guarantees	2,158,466	763,147
B type liquid funds	186,141	438,980
	<b>182,634,631</b>	<b>104,128,590</b>

<sup>(\*)</sup> Bank deposits include TL 86,872,171 (31 December 2015: TL 43,299,053) of bank deposits that belong to customers but which are kept in the Group's own accounts (Note 8).

<sup>(\*\*)</sup> As of 31 December 2016, the maturity of reverse repurchase agreements is 2 January 2017 and the weighted average interest rate of reverse repurchase agreements is 8.04% (31 December 2015: 2 January 2016, 10.94%).

As of 31 December 2016 and 2015, the details of the time deposits are as follows:

	31 December 2016			31 December 2015		
Currency	Original amount	Amount in TL	Interest rate (%)	Original amount	Amount in TL	Interest rate (%)
TL	121,834,310	121,834,310	6.75-11.75	16,388,634	16,388,634	10.17-13.50
USD	8,464,096	29,786,845	0.75-3.60	12,097,995	35,176,130	0.75-2.00
GBP	108,589	468,986	1.00	107,199	461,032	0.95
EUR	-	-	-	45,500	144,581	0.30
		<b>152,090,141</b>			<b>52,170,377</b>	

Cash and cash equivalents of the Group are shown in cash flow statements in 31 December 2016 and 2015 by deducting interest accruals and customer deposits is as follows:

As of 31 December 2016, the cash collateral amounting to TL 2,710,144 was restricted on behalf of the CMB on İstanbul Takas ve Saklama Bankası A.Ş. ("Takasbank") (31 December 2015: None.) (Note 17).

	31 December 2016	31 December 2015
Cash and cash equivalents	182,634,631	104,128,590
Customer deposits	(86,872,171)	(43,299,053)
Interest accruals	(302,798)	(48,466)
Restricted deposit	(2,710,144)	-
	<b>92,749,518</b>	<b>60,781,071</b>

As of 31 December 2016 and 2015, there is no restriction on cash and cash equivalents.



# ÜNLÜ YATIRIM HOLDİNG A.Ş.

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### 6 - FINANCIAL INVESTMENTS

#### Short term financial investments

	31 December 2016	31 December 2015
Financial assets held for trading	28,411,357	14,205,142
Available for sale financial assets	1,963,873	1,612,866
	<b>30,375,230</b>	<b>15,818,008</b>

Financial assets held for trading details as follows:

	31 December 2016			31 December 2015		
	Nominal	Fair value	Interest rate (%)	Nominal	Fair value	Interest rate (%)
Investment funds	415,600,072	20,158,393	-	106,783,966	2,320,012	-
Share certificates	960,000	4,576,154	-	1,070,000	4,153,836	-
Private sector cooperate bonds	3,340,000	3,400,567	11.66	3,440,000	3,276,364	13.84
Government bonds	300,000	276,243	8.63	3,900,000	4,454,930	10.84
	<b>28,411,357</b>			<b>14,205,142</b>		

As of 31 December 2016 and 2015, marketable securities given as collateral are as follows (Note 17):

	31 December 2016		31 December 2015	
	Nominal value	Fair value	Nominal value	Fair value
CMB	300,000	276,243	200,000	205,207
ISE treasury bills and government bonds market	-	-	3,700,000	4,249,722
	<b>300,000</b>	<b>276,243</b>	<b>3,900,000</b>	<b>4,454,929</b>

Details of share certificates classified as available-for-sale financial assets are as follows:

	31 December 2016		31 December 2015	
	Share%	Share amount TL	Share%	Share amount TL
212 Capital Partners I Coöperatief U.A. <sup>(*)</sup>	3.31	1,958,199	3.31	1,607,192
212 Limited (Cayman Island)	32.50	5,674	32.50	5,674
		<b>1,963,873</b>		<b>1,612,866</b>

<sup>(\*)</sup> As of 31 December 2016, the total commitment amount for all shareholders of 212 Capital Partners I Coöperatief U.A. which is classified as available for sale financial assets in Company's financials with 3.31% share rate, is USD 30,200,000. Within 2016, a commitment realization requested from 212 Capital Partners I Coöperatief U.A. and Ünlü Yatırım Holding A.Ş. participated this call through payments made USD 50,000 on 21 June 2016, USD 70,000 on 6 September 2016 totally USD 120,000 which corresponds to TL 351,007 (USD 25,000 on 10 February 2015, USD 50,000 on 8 May 2015 and USD 80,000 on 21 December 2015 totally USD 155,000 which corresponds to TL 430,975) (Note 17).

As of 31 December 2016, the available-for-sale financial assets of the Group, which equal to TL 1,963,873 (31 December 2015: TL 1,612,866), are shown with their cost values since the fair values are not reliably measured.

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### 6 - FINANCIAL INVESTMENTS (Continued)

#### Long term financial investments

	31 December 2016	31 December 2015
<b>Available-for-sale financial assets</b>		
Unquoted share certificates	1,982,066	2,142,694
Istanbul Stock Exchange ("ISE") <sup>(*)</sup>	1,341,572	159,711
Ünlü Private Equity GP Limited <sup>(**)</sup>	640,494	1,982,983
	<b>1,982,066</b>	<b>2,142,694</b>

<sup>(\*)</sup> As of 31 December 2016, The group valued its C group BIST shares, amounting to 15,971,094 shares (TL 159.711 Nominal), with TL 0.084 bid price announced by Borsa İstanbul A.Ş. notice with no.2016/110.

<sup>(\*\*)</sup> Ünlü Alternative Asset Management Limited, which is a direct subsidiary of Ünlü Yatırım Holding A.Ş., obtained 182,000 (31 December 2015: 682.000 shares) non-voting privileged shares, equal to USD 1 each, in return for payment made to Ünlü Private Equity GP Limited.

### 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

#### Investments in associates

	31 December 2016	31 December 2015
SICAR	28,162,510	17,905,068
Ünlü LT <sup>(*)</sup>	7,175,591	4,845,800
	<b>35,338,101</b>	<b>22,750,868</b>

<sup>(\*)</sup> As of 31 December 2016, the total contingent capital amount which is subject to capital increase in the following periods for all shareholders of Ünlü LT Investments Limited Partnership, Company's subsidiary TAIL as an investments valued with equity methods with a 4.76% (2015: 9.09%) share rate, is USD 5,000,000 (2015: USD 10,000,000) and USD 2,500,000 (2015: USD 1.794.412) was paid within 2016 (Note 17).

		31 December 2016	31 December 2015
Associates	Main activity	Share %	Share %
SICAR	Private equity	11.99	11.99
Ünlü LT	Private equity	4.76	9.09

Summary of the financial information on SICAR is provided below:

	31 December 2016	31 December 2015
Total assets	235,306,464	149,572,559
Total liabilities (-)	423,149	239,212
<b>Net assets</b>	<b>234,883,316</b>	<b>149,333,347</b>
Share in net assets of the associate	28,162,510	17,905,068
<b>Total share of the Company in the net assets of the subsidiaries</b>	<b>28,162,510</b>	<b>17,905,068</b>

	1 January - 31 December 2016	1 January - 31 December 2015
Profit/loss for the period	40,730,295	(17,035,021)

	1 January - 31 December 2016	1 January - 31 December 2015
<b>At the beginning of the period</b>	<b>17,905,068</b>	<b>15,324,920</b>
Share of the profit/(loss)	4,883,562	(2,042,499)
Additional share acquisition	1,415,367	674,308
Currency translation differences	3,958,513	3,948,339
<b>Total change in the associate in accordance with equity method</b>	<b>10,257,442</b>	<b>2,580,148</b>
<b>Period end</b>	<b>28,162,510</b>	<b>17,905,068</b>

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### 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

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

	31 December 2016	31 December 2015
Total assets	150,811,370	53,364,034
Total liabilities (-)	123,949	54,903
<b>Net assets</b>	<b>150,687,421</b>	<b>53,309,131</b>
Share in net assets of the associate	7,175,591	4,845,800
<b>Total share of the Company in the net assets of the subsidiaries</b>	<b>7,175,591</b>	<b>4,845,800</b>
	<b>1 January -</b>	<b>1 January -</b>
	<b>31 December 2016</b>	<b>31 December 2015</b>
Profit/(loss) for the period	9,964,033	(4,907,253)
	<b>1 January -</b>	<b>1 January -</b>
	<b>31 December 2016</b>	<b>31 December 2015</b>
<b>At the beginning of the period</b>	<b>4,845,800</b>	<b>23,623</b>
Share of the profit/(loss)	474,288	(446,069)
Additional share acquisition	1,855,503	5,268,246
<b>Total change in the associate in accordance with equity method</b>	<b>2,329,791</b>	<b>4,822,177</b>
<b>Period end</b>	<b>7,175,591</b>	<b>4,845,800</b>

### 8 - TRADE RECEIVABLES AND PAYABLES

	31 December 2016	31 December 2015
<b>Short term trade receivables</b>		
Receivables to be liquidated <sup>(*)</sup>	245,309,643	222,316,865
Specific provisions	(126,700,758)	(116,176,923)
Receivables on consultancy services	14,588,991	6,069,569
<i>Receivables on consultancy services</i>	<i>14,588,991</i>	<i>6,069,569</i>
<i>Doubtful trade receivables</i>	<i>242,018</i>	<i>179,360</i>
<i>Provision for doubtful trade receivables (-)</i>	<i>(242,018)</i>	<i>(179,360)</i>
Receivables from customers on credit <sup>(**)</sup>	1,699,604	-
Trade receivables due from related parties (Note 4)	192,587	642,781
Other	537	60,798
	<b>135,090,604</b>	<b>112,913,090</b>

<sup>(\*)</sup> 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 2016, 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 1,445,093,230 from banks and other financial institutions operating within Turkey for TL 202,733,115. The carrying value of non-performing loans after total provisions allocated is TL 118,608,885 as of 31 December 2016 (31 December 2015: TL 106,139,942).

<sup>(\*\*)</sup> As of 31 December 2016, the interest rate applied by The Group to the loans given to the customers is between 14.00% and 17.00% (31 December 2015: None). As of 31 December 2016, The Group has received a collateral amounting to TL 5,284,590 which is the fair value of the loans granted by the customers (31 December 2015: None).

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### 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

Movement of specific provisions is as follows:

	31 December 2016	31 December 2015
<b>Specific provisions</b>		
Beginning of the period	116,176,923	89,076,177
Provision amount for the period (Note 21)	10,523,835	27,100,746
<b>End of the period</b>	<b>126,700,758</b>	<b>116,176,923</b>

Movement of provisions for doubtful accounts is as follows:

	31 December 2016	31 December 2015
<b>Provisions for doubtful accounts</b>		
Beginning of the period	179,360	-
Provision amount for the period	62,658	179,360
<b>End of the period</b>	<b>242,018</b>	<b>179,360</b>

	31 December 2016	31 December 2015
<b>Short term trade payables</b>		
Related party customer deposits (Note 4 and 5)	74,405,832	34,232,884
Other customer deposits (Note 5)	12,466,339	9,066,169
Miscellaneous payables	1,109,430	3,542,803
Other trade payables	535,153	411,401
	<b>88,516,754</b>	<b>47,253,257</b>

### 9 - OTHER RECEIVABLES AND PAYABLES

	31 December 2016	31 December 2015
<b>Short term other receivables</b>		
Guarantees given to Forex Capital Markets LTD.	31,704,638	-
Option trading receivables	796,400	-
Guarantees given to Derivatives Market	315,557	1,552,945
Other receivables due from related parties (Note 4)	155,186	285,513
Foreign receivables	94,571	1,832,444
Other deposits and guarantees given	144,725	208,479
Other	910,699	795,152
	<b>34,121,776</b>	<b>4,674,533</b>
<b>Other long term receivables</b>		
Deposits and guarantees given	80,331	68,831
	<b>80,331</b>	<b>68,831</b>
<b>Other short term payables</b>		
Taxes and funds payable	4,249,478	7,265,390
Social security premiums payable	828,852	482,144
Value Added Tax payables ("VAT")	208,842	245,451
Payables to employees (Note 4)	156,708	184,061
Other	15,331	49,380
	<b>5,459,211</b>	<b>8,226,426</b>

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### 10 - PREPAID EXPENSES

	31 December 2016	31 December 2015
<b>Short term prepaid expenses</b>		
Prepaid expenses <sup>(*)</sup>	894,293	559,552
	<b>894,293</b>	<b>559,552</b>

<sup>(\*)</sup>Prepaid expenses consists of information technologies and broadcasting expenses regarding following months.

### 11 - OTHER ASSETS AND LIABILITIES

	31 December 2016	31 December 2015
<b>Other current assets</b>		
Advances given	977,660	843,917
Prepaid taxes and duties	294,989	264,666
Other	48,745	28,530
	<b>1,321,394</b>	<b>1,137,113</b>
<b>Other short term liabilities</b>		
Expense accruals	171,381	154,030
	<b>171,381</b>	<b>154,030</b>

### 12 - ASSETS HELD FOR SALE

	31 December 2016	31 December 2015
Assets held for sale <sup>(*)</sup>	2,859,441	2,859,441
	<b>2,859,441</b>	<b>2,859,441</b>

<sup>(\*)</sup> Assets held for sale consist of real estates and vehicles acquired during non-performing loan collection by İstanbul Varlık.

Movement of assets held for sale is as follows:

	31 December 2016	31 December 2015
<b>Assets held for sale:</b>		
Beginning of the period	2,859,441	-
Sales made during the period	-	-
Purchases during the period	-	2,859,441
<b>End of the period</b>	<b>2,859,441</b>	<b>2,859,441</b>



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### 13 - FINANCIAL LIABILITIES

	31 December 2016	31 December 2015
<b>Short term financial liabilities</b>		
Borrowings <sup>(*)</sup>	68,304,256	42,150,969
Structured debt instruments ("SDI") <sup>(**)</sup>	32,909,507	-
Financial liabilities due to related parties (Note 4) <sup>(**)</sup>	9,955,929	10,238,012
Payables to Money Markets <sup>(****)</sup>	6,304,912	-
Financial lease obligations	201,677	223,967
	<b>117,676,281</b>	<b>52,612,948</b>
<b>Long term financial liabilities</b>		
Borrowings <sup>(*)</sup>	36,976,646	48,818,308
Financial liabilities due to related parties (Note 4)	30,374,381	33,481,131
Financial lease obligations	213,361	485,616
	<b>67,564,388</b>	<b>82,785,055</b>

<sup>(\*)</sup> The Company does not have a fixed interest rate on the loans used in the years ahead and in 2012. Credits taken are matched separately with purchased credit portfolios. Principal and interest repayments of matched loans are calculated on a collective performance basis. The Company is obliged to pay these calculated amounts in accordance with the contract in the second business day following the quarterly period for the credits received from financial institutions resident abroad. The interest rate of Turkish lira loans taken from financial institutions established abroad is limited to 8%.

<sup>(\*\*)</sup> As of 31 December 2015, short term payables to related parties amount of TL 1,347,881 is composed of private sector bonds with maturity of 10 June 2016 and nominal interest rate of 12,25% issued by the Company on 10 December 2015. (Note 4).

<sup>(\*\*\*\*)</sup> Within the scope of issue certificate 103/BA-836 dated 5 October 2016 approved by CMB dated 4 October 2016 and decision numbered 26/836, 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 by the Group are as follows:

ISIN Code	Issue date	Issued nominal amount	Redemption date	Sales method	Coupon period
TR0DUUM00940	1 December 2016	1,036,500	5 January 2017	Qualified investor	Paid at maturity
TR0DUUM00957	1 December 2016	2,740,000	5 January 2017	Qualified investor	Paid at maturity
TR0DUUM009C5	12 December 2016	3,130,000	19 January 2017	Qualified investor	Paid at maturity
TR0DUUM009I2	14 December 2016	16,075,831	19 January 2017	Qualified investor	Paid at maturity
TR0DUUM009H4	15 December 2016	1,000,000	1 March 2017	Qualified investor	Paid at maturity
TR0DUUM009K8	22 December 2016	3,000,000	26 January 2017	Qualified investor	Paid at maturity
TR0DUUM009O0	29 December 2016	5,700,000	2 February 2017	Qualified investor	Paid at maturity

<sup>(\*\*\*\*)</sup> As of 31 December 2016, payables to Money Markets have maturity less than one month and interest rate is between 9.20% and 9.65% (31 December 2015: None.).

Details of borrowings are as follows:

	31 December 2016			31 December 2015		
Currency of borrowings	Original amount	Amount in TL	Interest rate (%)	Original amount	Amount in TL	Interest rate (%)
TL	105,280,902	105,280,902	8.30	90,969,277	90,969,277	8.00
USD	11,460,079	40,330,310	2.07	15,036,161	43,719,143	2.07
		<b>145,611,212</b>			<b>134,688,420</b>	

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### 13 - FINANCIAL LIABILITIES(Continued)

Details of financial lease obligations are as follows:

	31 December 2016	31 December 2015
<b>Short term financial lease obligations</b>		
Up to 1 year	285,840	344,889
Less: Future finance charges on financial lease	(84,163)	(120,922)
	<b>201,677</b>	<b>223,967</b>
<b>Long term financial lease obligations</b>		
1 to 2 years	230,626	344,319
2 to 3 years	-	316,707
Future finance charges on financial lease	(17,265)	(175,410)
	<b>213,361</b>	<b>485,616</b>

### 14 - OTHER FINANCIAL LIABILITIES

	31 December 2016	31 December 2015
<b>Other financial liabilities</b>		
Liabilities arising from short selling <sup>(*)</sup>	2,658,685	353,951
Private sector bonds subject to repurchase agreements <sup>(**)</sup>	-	3,195,880
	<b>2,658,685</b>	<b>3,549,831</b>

<sup>(\*)</sup> As of 31 December 2016, liabilities arising from short selling consist of common stocks amounting to TL 400,000 nominal value (31 December 2015: TL 5,000).

<sup>(\*\*)</sup> As of 31 December 2016, private sector bonds subjected to reverse purchase agreements is none (31 December 2015: the weighted average interest rate of private sector bonds subjected to reverse purchase agreements is 13.84%, and the amount is TL 3,195,880).

### 15 - PROPERTY AND EQUIPMENT

	Office equipment	Furniture and fixtures	Other tangible assets	Leasehold improvements	Total
<b>31 December 2016</b>					
Net book value, 1 January 2016	1,246,078	1,288,461	259,853	429,015	3,223,407
Additions	870,000	159,578	-	86,590	1,116,168
Depreciation charge (-)	533,146	235,872	17,177	211,911	998,106
<b>Net book value</b>	<b>1,582,932</b>	<b>1,212,167</b>	<b>242,676</b>	<b>303,694</b>	<b>3,341,469</b>
Cost	4,942,086	3,924,102	476,670	2,385,919	11,728,777
Accumulated depreciation (-)	3,359,154	2,711,935	233,994	2,082,225	8,387,308
<b>Net book value</b>	<b>1,582,932</b>	<b>1,212,167</b>	<b>242,676</b>	<b>303,694</b>	<b>3,341,469</b>
	Office equipment	Furniture and fixtures	Other tangible assets	Leasehold improvements	Total
<b>31 December 2015</b>					
Net book value, 1 January 2015	366,043	551,321	17,793	144,734	1,079,891
Additions	997,602	1,263,234	258,127	361,133	2,880,096
Disposals (-)	-	-	12,206	-	12,206
Depreciation charge (-)	117,567	526,094	3,861	76,852	724,374
<b>Net book value</b>	<b>1,246,078</b>	<b>1,288,461</b>	<b>259,853</b>	<b>429,015</b>	<b>3,223,407</b>
Cost	4,072,086	3,764,524	476,670	2,299,329	10,612,609
Accumulated depreciation (-)	2,826,008	2,476,063	216,817	1,870,314	7,389,202
<b>Net book value</b>	<b>1,246,078</b>	<b>1,288,461</b>	<b>259,853</b>	<b>429,015</b>	<b>3,223,407</b>

As of 31 December 2016 and 2015 there is no restriction or mortgage on the Group's tangible assets.

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### 16 - INTANGIBLE ASSETS

#### A. OTHER INTANGIBLE ASSETS

	1 January 2016	Additions	Disposals	31 December 2016
Cost	2,009,881	1,367,062	-	3,376,943
Accumulated amortization (-)	750,230	841,056	-	1,591,286
<b>Net book value</b>	<b>1,259,651</b>			<b>1,785,657</b>

	1 January 2015	Additions	Disposals	31 December 2015
Cost	1,249,374	760,507	-	2,009,881
Accumulated amortization (-)	545,973	204,257	-	750,230
<b>Net book value</b>	<b>703,401</b>			<b>1,259,651</b>

As of 31 December 2016 and 2015 the Group does not have any internally generated intangible assets.

#### B. GOODWILL

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, 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. 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 had become 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 Ünlü Alternative Asset Management that constitutes 6,686 units of shares by acquiring 3,615 units of shares that constitutes 67% from Standard Bank PLC, 2,199 units of shares that constitute 22% from Mahmut Levent Ünlü, and remaining 1,115 units of shares that constitute 11% from three different shareholders.

iii. As of 25 August 2015, Ünlü Yatırım Holding A.Ş. acquired 250,000,000 shares of Ünlü Menkul each having 1 Kurus ("Kr") nominal value to TL 2,500,000 which constitute of 25% the Company from Standard Bank Group Limited through a share transfer agreement and owned the whole of Ünlü Menkul.

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

	2012
Acquisition cost	77,865,314
Contingent considerations	-
<b>Net acquisition cost</b>	<b>77,865,314</b>

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### 16 - INTANGIBLE ASSETS (Continued)

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

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

The Group applies an impairment test to the assets recorded as goodwill items on each 31 December. As of 31 December 2016, the Group reviewed its valuation methods, analyzed future revenue expectations and applied goodwill impairment test on these expectations using discounted cash flow method, with the conclusion to that no impairment was identified.

### 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

#### (i) Short term provisions

	31 December 2016	31 December 2015
Provision for lawsuits <sup>(*)</sup>	1,064,250	505,000
	<b>1,064,250</b>	<b>505,000</b>

<sup>(\*)</sup> As of 31 December 2016 provision for lawsuits amounting to TL 1,064,250 (31 December 2015: TL 505,000) consists of provisions for reemployment lawsuits.

Provision for lawsuits movement for the period ended 31 December 2016 and 2015 is as follows:

	31 December 2016	31 December 2015
Beginning of the period	505,000	354,000
Reversed provisions for the period	-	(202,000)
Provision for the period	559,250	353,000
<b>End of the period</b>	<b>1,064,250</b>	<b>505,000</b>

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### 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

#### (ii) Assets kept on behalf of customers

	31 December 2016	31 December 2015
<b>Securities kept on behalf of customers:</b>		
Investment funds	2,432,066,316	3,050,261,825
Common stocks	1,192,576,070	391,539,730
Private sector cooperate bond, treasury bills and government bonds	40,913,812	21,725,786
Structured debt instruments	16,603,581	-

#### (iii) Letter of guarantees given

	31 December 2016	31 December 2015
Istanbul Settlement and Custody Bank Inc, money market deposit	22,000,000	5,500,000
Collateral provided to courts and directorate of bailiff and execution	11,556,532	11,077,417
Guarantees given to Forex Capital Markets LTD.related to leverage trading	10,544,700	-
Transaction collateral for ISE equity market	2,500,000	1,250,000
Transaction collateral for ISE bonds and bills market	2,200,000	2,200,000
Collateral given to Aselsan Elektronik San. ve Tic. A.Ş.	100,000	100,000
Collateral for CMB brokerage operations	1,776	1,551,776
Collateral given to Turk Telekomünikasyon A.Ş.	18,200	18,200
Ministry of Finance	-	74,749

#### (iv) Securities given as collaterals

As of 31 December 2016 and 2015 securities given as collaterals are as follows (Note 6):

	31 December 2016		31 December 2015	
	Nominal value	Fair value	Nominal value	Fair value
CMB	300,000	276,243	200,000	205,207
ISE Treasury and Bond Market	-	-	3,700,000	4,249,722
	<b>300,000</b>	<b>276,243</b>	<b>3,900,000</b>	<b>4,454,929</b>

As of 31 December 2016, the cash collateral amounting to TL 2,710,144 was restricted on behalf of the CMB on İstanbul Takas ve Saklama Bankası A.Ş. ("Takasbank") (31 December 2015: None.) (Note 5).

#### (v) Contingent liabilities

(i) As of 31 December 2016, the total commitment amount in the following periods for all shareholders of 212 Capital Partners I Coöperatief U.A. which is classified as available for sale financial assets in Company's financials with 3.31% share rate, is USD 30,200,000. Within 2015, a commitment realization requested from 212 Capital Partners I Coöperatief U.A. and Ünlü Yatırım Holding A.Ş. participated this call through payments made USD 50,000 on 21 June 2016, USD 70,000 on 6 September 2016 totally USD 120,000 which corresponds to TL 351,007 (USD 25,000 on 10 February 2015, USD 50,000 on 8 May 2015, USD 80,000 on 21 December 2015 totally USD 155,000 which corresponds to TL 430,975) (Note 6).

(ii) As of 31 December 2016, the total commitment amount in the following periods for all shareholders of Ünlü LT Investments Limited Partnership which is classified as investments valued with the equity methods in TAIL's financials with a 4.76% (2015: 9.09%) share rate, is USD 5,000,000 (2015: USD 10,000,000). Ünlü LT has been realized commitment payments and paid USD 2,500,000 within 2016 (Note 7) (2015: 1,794,412).



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### 18 - CONTINGENCIES AND COMMITMENTS

#### Explanations regarding derivatives

##### 31 December 2016

Contract definition	Maturity	Position	Number of contracts	Settlement price	Nominal value
F_XU0300217S0	28 February 2017	Short	80	96.275	770,200
O_AKBNKE0217	28 February 2017	Long	254	0.240	6,096
O_GARANE0217	28 February 2017	Long	254	0.250	6,350
<b>Net position</b>					<b>782,646</b>

##### 31 December 2015

Contract definition	Maturity	Position	Number of contracts	Settlement price	Nominal value
F_XU0300216S0	28 February 2016	Short	25	89.080	222,688
<b>Net position</b>					<b>222,688</b>

### 19 - PROVISION FOR EMPLOYEE BENEFITS

	31 December 2016	31 December 2015
<b>Short term employee benefits</b>		
Bonus provision	5,094,200	9,526,279
Unused vacation provision	2,613,660	1,971,334
	<b>7,707,860</b>	<b>11,497,613</b>
<b>Long term employee benefits</b>		
Provision for employment termination benefits	2,065,407	1,494,258
	<b>2,065,407</b>	<b>1,494,258</b>

The Company declared that, within the scope of the new amendments regarding bonus policy, it will give Group employees who had a performance bonus over a certain amount calculated in their names a pledged share certificate as an additional right, and regarding a separate agreement to be made with the Company and that this pledge will be removed by the Company on the condition that the requirements of the said agreement are met.

#### Provisions for employment termination benefits

Under the Turkish Labor 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 or reaches the retirement age (58 for women and 60 for men) or dies.

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.

International Financial Reporting Standards requires actuarial valuation methods to be developed to estimate the provision for employment termination benefits, accordingly the following actuarial assumptions were used in the calculation of the total liability.

	31 December 2016	31 December 2015
Discount rate (%)	4.25	3.30
Turnover rate to estimate the probability of retirement (%)	74	92

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### 19 - PROVISION FOR EMPLOYEE BENEFITS (Continued)

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 4,426 effective from 1 January 2017 (1 January 2016: TL 4,093).

Movements in the provision for employee bonus for the period ended 31 December 2016 and 2015 are as follows:

	31 December 2016	31 December 2015
Beginning of the period	9,526,279	4,829,800
Provision during the period	5,094,200	9,526,279
Payment during the period (-)	(9,526,279)	(4,829,800)
<b>End of the period</b>	<b>5,094,200</b>	<b>9,526,279</b>

Movements in the provision for unused vacation for the period ended 31 December 2016 and 2015 are as follows:

	31 December 2016	31 December 2015
Beginning of the period	1,971,334	1,613,805
Provision during the period	824,035	503,674
Payment during the period (-)	(181,709)	(146,145)
<b>End of the period</b>	<b>2,613,660</b>	<b>1,971,334</b>

Movements in the provision for employment termination benefits for the period ended 31 December 2016 and 2015 are as follows:

	31 December 2016	31 December 2015
Beginning of the period	1,494,258	1,049,438
Service cost	492,418	292,765
Interest cost	220,139	115,246
Actuarial loss	98,512	447,823
Payment during the period (-)	(239,920)	(411,014)
<b>End of the period</b>	<b>2,065,407</b>	<b>1,494,258</b>

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### 20 - SHAREHOLDERS' EQUITY

#### Share capital

As of 31 December 2016 and 2015, share capital structure of the parent Company is as follows:

Name of the shareholder	31 December 2016		31 December 2015	
	Amount (TL)	Share (%)	Amount (TL)	Share (%)
Mahmut Levent Ünlü	31,999,996	84.9632	31,999,996	94.5113
The Wellcome Trust Ltd. (****)	3,720,288	9.8777	-	-
Standard Bank Group Ltd. (***)	1,675,412	4.4484	1,675,412	4.9483
Kağan Çevik (*)	71,089	0.1887	58,200	0.1719
Simge Ündüz (*)	67,075	0.1781	19,255	0.0569
Tunç Yıldırım (*)	29,100	0.0773	29,100	0.0859
Can Ünalın (*) (**)	28,225	0.0749	18,437	0.0545
İbrahim Romano (*) (**)	17,067	0.0453	9,978	0.0295
Mehmet Sait Sezgin (*)	13,948	0.0370	6,859	0.0203
Mehmet Batur Özyar (*)	11,016	0.0292	11,016	0.0325
Tahir Selçuk Tuncalı (*) (**)	9,978	0.0265	9,978	0.0295
Vedat Mizrahi (*)	7,275	0.0194	7,275	0.0215
Ünlü Yatırım Holding A.Ş. (*****)	7,079	0.0188	-	-
Demet Kargın (*)	5,792	0.0155	5,792	0.0171
Kamil Atilla Köksal (**)	1	0.0000	1	0.0000
Hakan Suha Ansen (*) (*****)	-	-	7,079	0.0209
	<b>37,663,341</b>	<b>100.00</b>	<b>33,858,378</b>	<b>100.00</b>

(\*) 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 by the subsidiaries of the Company, in accordance with the separate share purchase agreement made between Ünlü Yatırım Holding A.Ş. and Group employees on behalf of the employees who were entitled to this performance bonus as an additional right, on the condition that the new shares which are issued by ÜYH and has a pledge of the Company over them, are purchased.

Within this scope, in 2016 the Company issued and registered 84,675 shares worth TL 970,377 on behalf of Group employees, within the scope of the bonus policy mentioned above (31 December 2015: 29,360 shares worth TL 293,099 on behalf of Group employees.) 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.

(\*\*) Shares of the Company shareholders Can Ünalın, İbrahim Romano, Tahir Selçuk Tuncalı, and Kamil Atilla Köksal, which have a nominal value of TL 1, are not within the scope of the bonus policy described above.

(\*\*\*) The company was acquired by Standard Bank Group Ltd. for TL 24,408,000 through issuing new shares with nominal value shares that equal TL 1,675,412 which is equivalent to 4.95% of the Company. The acquisition became official when Mahmut Ünlü and Standard Bank Group Ltd. signed the capital contribution agreement dated 20 August 2015. The acquisition took place on 20 October 2015.

(\*\*\*\*) As of 12 February 2016, The Wellcome Trust has invested TL 52,176,060 through a capital increase and has a 9.90% share in the Company. The mentioned capital increase was registered with the Istanbul Trade Registry Directorate on 17 February 2016 and published in the Turkish Trade Registry Gazette dated 23 February 2016 and numbered 9017.

(\*\*\*\*\* In accordance with the decision of the Board of Directors dated 4 November 2016 numbered 2016/23, it has been decided to acquire the shares of Hakan Suha Ansen with a nominal value of TL 7,079. The Company has accounted its share in the amount of TL 88,204, which is the fair value of this share, in shareholders' equity account.

With the decision of the Ordinary General Assembly dated 4 September 2012, the capital of Ünlü Yatırım Holding 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 with Trade Registry Gazette numbered 8154 dated 11 September 2012.

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### 20 - SHAREHOLDER'S EQUITY (Continued)

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, and pre-emptive rights of Mahmut Levent Ünlü and Kamil Attila Köksal were removed.

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 were waived their pre-emptive rights.

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 were waived their pre-emptive rights, and all of the increase amount was paid by Standard Bank Group Ltd.

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 6<sup>th</sup> 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 Ünalın, İbrahim Romano, Tahir Selçuk Tuncalı, Vedat Mizrahi, Hakan Ansen, Mehmet Sait Sezgin, Demet Kargın and Kamil Attila Köksal were not included in the capital increase by giving up their priveleged rights.

As a result of the Ordinary General Meeting of 2015 held on 29 June 2016, the paid-in capital of the Company increased from TL 37,578,666 to TL 37,663,341 and the 6th article of the Company's Articles of Association which is related with capital was changed.

A portion which is amounting to TL 970,377.15 exceeds TL 84,675 of the increased capital is added to the legal reserves as share premiums. This capital increase was made by issuing premium shares and Standard Bank Group Limited, The Wellcome Trust Limited as Trustee of the Wellcome Trust, Mahmut Levent Ünlü, Tahir Selçuk Tuncalı, Kamil Attila Köksal, Tunç Yıldırım, Mehmet Batur Özyar, Hakan Suha Ansen, Demet Kargın and Vedat Mizrahi were not included in the capital increase by giving up their priveleged rights.

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### 20 - SHAREHOLDER'S EQUITY (Continued)

As of 31 December 2016, the registered share capital of the Company is TL 37,663,341 (31 December 2015: TL 33,858,378). As of 31 December 2016 The Company's share capital is comprised of 37,663,341 issued shares, each having TL 1 nominal value (31 December 2015: TL 1, 33,858,378 shares).

#### Share premium

For the year ended 31 December 2016, the share based right amounts that are obtained within the premium system stated above are accounted for on an accrual basis. Premium amounts to TL 3,019,488 (31 December 2015: TL 2,534,975) which are paid in cash by registering shares on behalf of the employees, a total of TL 2,055,303 (31 December 2015: TL 1,300,431), which is calculated by taking the term of office of these employees, is recognized under equity, TL is recognized under paid-in capital TL 267,641 (31 December 2015: TL 182,966), and TL 1,787,662 is recognized under share premiums (31 December 2015: TL 1,117,465).

Standard Bank Group Ltd. paid a capital contribution of TL 24,408,000 in return for 4.95% share in the company on 20 October 2015. TL 22,732,588 of the premium of this capital contribution is subject to share as of 31 December 2016 because it exceeds TL 1,675,412.

The movement of employee bonus related to shares during the periods as of 31 December 2016 and 2015 are as follows:

	31 December 2016	31 December 2015
Beginning of the period	23,850,053	439,820
Changes in employee bonus related to shares during the period	49,116,827	23,410,233
<b>End of the period</b>	<b>72,966,880</b>	<b>23,850,053</b>

#### Other comprehensive income

Due to on TAS 19 standard, the Group has actuarial loss amounting to TL 184,699 (31 December 2015: 425,715 TL) of net tax comes from employee termination benefit provision.

Currency translation profit amounting to TL 16,801,732 (31 December 2015: TL 9,578,140 currency translation profit) which is booked to "Currency translation differences" under shareholders' equity is due to exchange of equity items of the subsidiaries subject to consolidation with period-end closing exchange rates and profit and loss items with annual average exchange rates.

#### Retained earnings

As of 31 December 2016, retained earnings of the Group are TL 26,104,299 (31 December 2015: TL 18,921,432).



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### 21 - SALES AND COST OF SALES

	1 January - 31 December 2016	1 January - 31 December 2015
<b>Sales</b>	<b>1,969,295,227</b>	<b>454,313,148</b>
Sales of government bonds	1,566,918,970	258,069,146
Sales of common stocks	298,232,776	183,457,718
Sales of financial bonds	96,164,949	-
Consultancy income	7,978,532	7,747,191
Sales of investment funds	-	5,039,093
<b>Service income</b>	<b>99,640,735</b>	<b>129,479,484</b>
Interest income from loans <sup>(*)</sup>	36,378,266	53,576,702
Domestic corporate finance income	29,695,728	46,865,714
Foreign corporate finance income	11,448,615	5,514,138
Commission on sales of common stocks	11,174,048	15,779,082
Portfolio management income	5,408,146	5,086,554
Profit due from Forex transactions	4,683,867	-
Commission on custody transactions	419,907	539,201
Success and performance fee	68,355	-
Fund early exit commission	4,662	-
Other service income	359,141	2,118,093
<b>Deductions from services income (-)</b>	<b>13,165,890</b>	<b>29,589,954</b>
Special provision expense to loans (-)	10,523,835	27,100,746
Commission expense (-)	2,478,038	2,309,848
Sales returns (-)	101,359	-
Provision expense for doubtful receivables (-)	62,658	179,360
<b>Financial sector operations income</b>	<b>2,055,770,072</b>	<b>554,202,678</b>
<b>Financial sector operations cost (-)</b>	<b>1,959,394,346</b>	<b>445,455,175</b>
Cost of government bonds (-)	1,566,103,381	257,686,176
Cost of common stocks (-)	297,136,873	182,768,999
Cost of financial bonds (-)	96,154,092	-
Cost of investment funds (-)	-	5,000,000
<b>Gross profit from financial sector operations</b>	<b>96,375,726</b>	<b>108,747,503</b>

<sup>(\*)</sup> The interest income from loans has been composed of collections from non-performing loan receivables of the Company's direct subsidiary, İstanbul Varlık. Interest expenses on borrowings which are used for financing of these receivables are classified under financial expense (Note 25).

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### 22 - EXPENSES BY NATURE

	1 January - 31 December 2016	1 January - 31 December 2015
<b>Marketing, sales and distribution expenses</b>		
Marketing and distribution expenses	2,990,361	1,016,323
Representation expenses	635,917	399,300
Advertisement and publicity expenses	489,141	414,666
	<b>4,115,419</b>	<b>1,830,289</b>
<b>General administrative expenses</b>		
Personnel expenses	53,902,088	54,229,240
Attorney, consultancy and audit expenses	7,850,305	5,905,898
Tax and sundry expenses	4,641,646	5,566,481
Data line rental expense	2,279,131	1,902,276
Rent expenses	2,194,115	2,201,835
Communication expenses	1,457,649	1,135,918
Travel expenses	1,395,619	1,469,385
Depreciation and amortization expenses (Note 15 and 16)	1,839,162	936,303
Information technology expenses	1,080,842	534,359
Office building administrative expenses	904,750	830,693
Vehicle expenses	640,611	616,299
Lawsuit provision expenses (Note 17)	559,250	151,000
Other general administrative expenses	3,339,213	3,492,694
	<b>82,084,381</b>	<b>78,972,381</b>

### 23 - OTHER OPERATING INCOME/EXPENSE

	1 January - 31 December 2016	1 January - 31 December 2015
<b>Other operating income</b>		
Agreement chargeouts	341,809	-
Other service income	214,531	20,430
	<b>556,340</b>	<b>20,430</b>

### 24 - FINANCIAL INCOME

	1 January - 31 December 2016	1 January - 31 December 2015
Foreign exchange gain	16,595,238	30,584,269
Interest income	7,252,498	5,153,756
Investment securities income rediscounts	1,156,158	43,616
Option trading income	796,400	-
Dividend income	342,702	303,404
Derivatives market operations income	58,596	275,979
Other financial income	8,806	35,655
	<b>26,210,398</b>	<b>36,396,679</b>

# ÜNLÜ YATIRIM HOLDİNG A.Ş.

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### 25 - FINANCIAL EXPENSE

	1 January - 31 December 2016	1 January - 31 December 2015
Foreign exchange losses	14,413,913	33,753,287
Interest expenses <sup>(*)</sup>	12,888,012	12,377,467
Issued debt instruments interest expense	1,203,069	-
Interest expenses paid to Money Markets	871,410	115,128
Option trading expenses	815,000	-
Repo interest expense	525,208	108,616
Other financial expense	350,759	141,527
	<b>31,067,371</b>	<b>46,496,025</b>

<sup>(\*)</sup> Interest expenses include TL 10,513,855 (31 December 2015: TL 10,551,038) of borrowing interest expenses that are used for financing of non-performing loan receivables of the Company's direct subsidiary İstanbul Varlık.

### 26 - TAX ASSETS AND LIABILITIES

Turkish Corporate Tax Law has been amended by Law No, 5520 dated 13 June 2006. Most of the articles of this new Law No, 5520 have come into force effective from 1 January 2006. The corporation tax rate is 20%.

Corporation tax rate is applicable on the total income of the companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, etc.) and income tax deductions (for example research and development expenses deduction). No further tax is payable unless the profit is distributed.

Except for the dividends paid to non-resident corporations which have a representative office in Turkey or resident corporations, dividends are subject to withholding tax at the rate of 10%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is declared by the 10th and paid by the 17<sup>th</sup> of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability, if, despite offsetting, there remains a paid advance tax amount, it may be refunded or offset against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by the 25<sup>th</sup> of the fourth month following the close of the financial year to which they relate.

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

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

	1 January - 31 December 2016	1 January - 31 December 2015
Current year tax expense	2,156,708	5,547,993
Deferred tax expense/(income)	3,983,179	(1,152,594)
<b>Total tax expense</b>	<b>6,139,887</b>	<b>4,395,399</b>

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### 26 - TAX ASSETS AND LIABILITIES (Continued)

The breakdown of cumulative temporary differences and the related deferred tax assets and liabilities as of 31 December 2016 and 2015 calculated using the enacted tax rates, are as follows:

	Temporary differences		Deferred tax assets/(liabilities)	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Tax deductible previous years' losses	92,557,888	93,219,434	18,511,577	18,643,887
Provision for employment termination benefit and vacation pay liability	4,679,067	3,471,061	935,813	694,212
Expense accruals	1,451,419	97,056	290,284	19,411
Lawsuit provision	1,064,250	505,000	212,850	101,000
Provision for doubtful receivables	242,018	179,360	48,404	35,872
Other	191,177	2,778	38,235	556
<b>Deferred tax assets</b>			<b>20,037,163</b>	<b>19,494,938</b>
Loans and receivables valuation differences	89,934,999	87,269,195	17,987,000	17,453,839
Tax effect arising from investments valued with equity method	25,899,154	17,057,078	5,179,831	3,411,416
Income accruals	11,693,232	4,619,360	2,338,646	923,872
Value increase in available for sale financial assets	1,181,861	-	236,372	-
Difference between tax base and carrying value of tangible and intangible assets	928,009	937,072	185,602	187,414
Other	3,760	43,275	752	8,655
<b>Deferred tax liabilities</b>			<b>25,928,203</b>	<b>21,985,196</b>
<b>Impairment on deferred tax assets <sup>(*)</sup></b>			<b>(2,076,829)</b>	<b>(1,140,117)</b>
<b>Net-off</b>			<b>(15,891,542)</b>	<b>(13,806,977)</b>
<b>Deferred tax assets</b>			<b>4,145,621</b>	<b>4,547,844</b>
<b>Deferred tax liabilities</b>			<b>12,113,489</b>	<b>8,178,219</b>

<sup>(\*)</sup> As of 31 December 2016, Plato Finans, subsidiary of the Company, had considered its work plan, and impaired its deferred tax asset which can be deducted from tax base in the following years, amounting to TL 2,076,829 (31 December 2015: TL 1,140,117).

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

	31 December 2016	31 December 2015
Profit before tax	10,258,077	16,011,269
Theoretical income tax at the applicable tax rate of 20%	2,051,615	3,202,254
Portion of income/expense of investments accounted through equity method	1,758,268	(370,930)
Impact of different tax rates applicable to profits in the respective countries	1,039,089	556,962
Taxation effects of consolidation adjustments	936,712	942,540
Non-deductible expenses	88,061	51,357
Other	(255,994)	13,216
<b>Current year tax expense</b>	<b>6,139,887</b>	<b>4,395,399</b>

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### 26 - TAX ASSETS AND LIABILITIES (Continued)

As of 31 December 2016, the Company has TL 28,153,062 accumulated losses. As of 31 December 2016 tax deductible losses and last deduction dates of the Company are as follows:

	Carry forward tax losses	Last deduction date
2013	6,991,574	31 December 2018
2014	4,043,519	31 December 2019
2015	9,476,592	31 December 2020
2016	7,641,377	31 December 2021
	<b>28,153,062</b>	

As of 31 December 2016, İstanbul Varlık, subsidiary to the Company, has TL 54,601,583 accumulated losses. As of 31 December 2016 tax deductible losses and last deduction dates of İstanbul Varlık are as follows:

	Carry forward tax losses	Last deduction date
2012 <sup>(*)</sup>	142,150	31 December 2017
2013 <sup>(*)</sup>	11,648,773	31 December 2018
2014	24,148,131	31 December 2019
2015	17,508,585	31 December 2020
2016	1,153,944	31 December 2021
	<b>54,601,583</b>	

<sup>(\*)</sup> The Company is exempted from tax investigation and assessment by increasing its tax base for the years 2012 and 2013 by considering the minimum tax base within the scope of the "Law on Restructuring of Certain Receivables" numbered 6736 and published in the Official Gazette dated 19 August 2016 and numbered 29806

As of 31 December 2016, Plato Finans, subsidiary of the Company, has TL 8,642,714 accumulated losses. As of 31 December 2016, Plato Finans's tax losses carried forward and last deduction dates are as follows:

	Carry forward tax losses	Last deduction date
2014 <sup>(*)</sup>	2,604,507	31 December 2019
2015 <sup>(*)</sup>	2,924,578	31 December 2020
2016 <sup>(*)</sup>	3,113,629	31 December 2021
	<b>8,642,714</b>	

<sup>(\*)</sup> As of 31 December 2016, Plato Finans, subsidiary of the Company, had considered its work plan, and impaired its deferred tax asset which can be deducted from tax base in the following years, amounting to TL 8,642,714. As of 31 December 2016 amount of TL 1,825,272 have been subjected to the impairment of deferred tax assets for future use.



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### 26 - TAX ASSETS AND LIABILITIES (Continued)

As of 31 December 2016, DU Finans, subsidiary of the Company, has TL 1,160,529 accumulated losses.

As of 31 December 2016, DU Finans 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	712,138	31 December 2021
	<b>1,160,529</b>	

(\*) As of 31 December 2016, DU Finans, had considered its work plan, and calculated that it will not use financial loss which can be deducted from tax base in the following years, amounting to TL 1,160,529. As of 31 December 2016 amount of TL 251,557 have been subjected to the impairment of deferred tax assets for future use.

### 27 - EARNINGS PER SHARE

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

	31 December 2016	31 December 2015
<b>Basic</b>		
1. Profit from continuing operations attributable to owners of the parent	4,865,833	7,182,867
2. Weighted average number of ordinary shares in issue	35,922,440	32,440,181
<b>3. Earnings per share (1/2)</b>	<b>0.1355</b>	<b>0.2214</b>
<b>Diluted</b>		
4. Profit from continuing operations attributable to owners of the parent	4,865,833	7,182,867
5. General administrative expenses arising from share-based payments	492,082	263,763
6. Profit used to determine diluted earnings per share (4+5)	5,357,915	7,446,630
7. Weighted average number of ordinary shares in issue	35,922,440	32,440,181
8. Adjustments for: Share-based payments	25,039	84,675
9. Weighted average number of ordinary shares for diluted earnings per share (7+8)	35,947,479	32,524,856
<b>10. Diluted earnings per share (6/9)</b>	<b>0.1490</b>	<b>0.2290</b>

### 28 - 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.

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**28 - FINANCIAL RISK MANAGEMENT (Continued)**

**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.

	Trade receivables			Other receivables			Financial investments
	Related parties	Other parties	Related parties	Other parties	Bank deposits		
<b>31 December 2016</b>							
<b>Maximum credit risk exposure as of the financial statements date (A+B+C+D)</b>	<b>192,587</b>	<b>134,898,017</b>	<b>155,186</b>	<b>33,966,590</b>	<b>179,876,379</b>		<b>32,357,296</b>
- Maximum credit risk under guaranteed through net collateral, or etc.							
A. Net carrying value of financial assets which are neither impaired nor overdue	192,587	261,598,775	155,186	33,966,590	179,876,379		32,357,296
B. Net carrying value of impaired assets collateralized portion of the net exposure	-	-	-	-	-		-
C. Net book value of assets exposed to impairment loss	-	126,700,758	-	-	-		-
- Overdue (gross book value)	-	-	-	-	-		-
- Impairment loss (-)	-	126,700,758	-	-	-		-
- 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	-	-	-	-	-		-
	Trade receivables			Other receivables			Financial investments
	Related parties	Other parties	Related parties	Other parties	Bank deposits		
<b>31 December 2015</b>							
<b>Maximum credit risk exposure as of the financial statements date (A+B+C+D)</b>	<b>642,781</b>	<b>112,270,309</b>	<b>285,513</b>	<b>4,457,851</b>	<b>98,759,888</b>		<b>23,314,498</b>
- Maximum credit risk under guaranteed through net collateral, or etc.							
A. Net carrying value of financial assets which are neither impaired nor overdue	642,781	228,626,592	285,513	4,457,851	98,759,888		23,314,498
B. Net carrying value of impaired assets collateralized portion of the net exposure	-	-	-	-	-		-
C. Net book value of assets exposed to impairment loss	-	116,356,283	-	-	-		-
- Overdue (gross book value)	-	-	-	-	-		-
- Impairment loss (-)	-	116,356,283	-	-	-		-
- 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	-	-	-	-	-		-

For the purposes of the table above, collaterals and other guarantees which increase the collectability of the financial asset are not taken into account.

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### 28 - 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.

The Group does not have any derivative financial liabilities. 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 2016 and 2015:

#### 31 December 2016

	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	185,240,669	23,579,882	60,790,687	43,040,382	73,435,796	315,367	201,162,114
Other financial liabilities	2,658,685	2,658,685	-	-	-	-	2,658,685
Trade payables	88,516,754	88,082,703	420,581	13,470	-	-	88,516,754
Other payables and liabilities	5,630,592	2,850,946	2,779,646	-	-	-	5,630,592
<b>Total liabilities</b>	<b>282,046,700</b>	<b>117,172,216</b>	<b>63,990,914</b>	<b>43,053,852</b>	<b>73,435,796</b>	<b>315,367</b>	<b>297,968,145</b>

#### 31 December 2015

	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	135,398,003	4,110,473	16,153,050	35,885,128	69,093,290	16,860,932	142,102,873
Other financial liabilities	3,549,831	3,549,831	-	-	-	-	3,549,831
Trade payables	47,253,257	47,230,281	-	22,976	-	-	47,253,257
Other payables and liabilities	8,380,456	739,617	-	7,640,839	-	-	8,380,456
<b>Total liabilities</b>	<b>194,581,547</b>	<b>55,630,202</b>	<b>16,153,050</b>	<b>43,548,943</b>	<b>69,093,290</b>	<b>16,860,932</b>	<b>201,286,417</b>

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### 28 - FINANCIAL RISK MANAGEMENT (Continued)

#### iii. Information on market risk

##### Foreign currency risk

Assets and liabilities denominated in foreign currency held by the Group at 31 December 2016 and 2015 in original currency and total TL equivalents are as follows:

	31 December 2016				31 December 2015			
	TL Equivalent	USD	EUR	GBP	TL Equivalent	USD	EUR	GBP
Cash at banks	49,458,017	13,302,554	519,385	165,969	76,139,049	25,930,577	82,002	112,245
Trade receivables	13,260,565	248,704	3,336,590	1,600	1,103,698	142,470	216,973	-
<b>Total assets</b>	<b>62,718,582</b>	<b>13,551,258</b>	<b>3,855,975</b>	<b>167,569</b>	<b>77,242,747</b>	<b>26,073,047</b>	<b>298,975</b>	<b>112,245</b>
Trade payables	64,783,812	6,345,351	11,252,830	163,555	96,010,650	32,819,861	36,282	108,897
<b>Total liabilities</b>	<b>64,783,812</b>	<b>6,345,351</b>	<b>11,252,830</b>	<b>163,555</b>	<b>96,010,650</b>	<b>32,819,861</b>	<b>36,282</b>	<b>108,897</b>
<b>Net foreign currency position</b>	<b>(2,065,230)</b>	<b>7,205,907</b>	<b>(7,396,855)</b>	<b>4,014</b>	<b>(18,767,903)</b>	<b>(6,746,814)</b>	<b>262,693</b>	<b>3,348</b>

##### Foreign currency sensitivity analysis

#### 31 December 2016

	Profit/loss		Shareholders' equity	
	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 (liability)/asset	2,535,903	(2,535,903)	2,535,903	(2,535,903)
2. Hedged portion against USD currency risk (-)	-	-	-	-
<b>3. Net effect of USD (1+2)</b>	<b>2,535,903</b>	<b>(2,535,903)</b>	<b>2,535,903</b>	<b>(2,535,903)</b>
10% change in EUR foreign currency rate				
4. EUR net asset/(liability)	(2,744,159)	2,744,159	(2,744,159)	2,744,159
5. Hedged portion against EUR currency risk (-)	-	-	-	-
<b>6. Net effect of EUR (4+5)</b>	<b>(2,744,159)</b>	<b>2,744,159</b>	<b>(2,744,159)</b>	<b>2,744,159</b>
10% change in GBP foreign currency rate				
7. GBP net asset/(liability)	1,734	(1,734)	1,734	(1,734)
8. Hedged portion against GBP risk (-)	-	-	-	-
<b>9. Net effect of GBP (7+8)</b>	<b>1,734</b>	<b>(1,734)</b>	<b>1,734</b>	<b>(1,734)</b>
<b>Total (3+6+9)</b>	<b>(206,522)</b>	<b>206,522</b>	<b>(206,522)</b>	<b>206,522</b>

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### 28 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2015

	Profit/loss		Shareholders' equity	
	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 (liability)/asset	(1,961,704)	1,961,704	(1,961,704)	1,961,704
2. Hedged portion against USD currency risk (-)	-	-	-	-
<b>3. Net effect of USD (1+2)</b>	<b>(1,961,704)</b>	<b>1,961,704</b>	<b>(1,961,704)</b>	<b>1,961,704</b>
10% change in EUR foreign currency rate				
4. EUR net asset/(liability)	83,473	(83,473)	83,473	(83,473)
5. Hedged portion against EUR currency risk (-)	-	-	-	-
<b>6. Net effect of EUR (4+5)</b>	<b>83,473</b>	<b>(83,473)</b>	<b>83,473</b>	<b>(83,473)</b>
10% change in GBP foreign currency rate				
7. GBP net asset/(liability)	1,441	(1,441)	1,441	(1,441)
8. Hedged portion against GBP risk (-)	-	-	-	-
<b>9. Net effect of GBP (7+8)</b>	<b>1,441</b>	<b>(1,441)</b>	<b>1,441</b>	<b>(1,441)</b>
<b>Total (3+6+9)</b>	<b>(1,876,790)</b>	<b>1,876,790</b>	<b>(1,876,790)</b>	<b>1,876,790</b>

#### Interest rate risk

According to the daily market conditions, the Group invests its cash as securities held for trading, reverse repurchase agreements or bank deposits.

#### Interest rate profile

31 December 2016 31 December 2015

#### Fixed rate financial instruments

Financial assets		
Investment securities held for trading	276,243	4,454,930
Time deposits and receivables from reverse repurchase agreements	154,643,724	57,085,193
Financial liabilities		
Financial liabilities	143,643,276	73,874,822
Structured debt instruments	32,909,507	-
Payables to Money Markets	6,304,912	-

#### Floating rate financial instruments

Financial assets		
Investment securities held for trading	-	3,276,364
Financial liabilities		
Financial liabilities	42,012,431	61,796,648

The profit before tax of the Group from the financial asset valuation will decrease by TL 420,124 (31 December 2015: TL 697,674) and increase by TL 420,124 (31 December 2015: TL 697,674) in the case of a 1% decrease/increase in TL market interest rates with all other factors remaining constant as of 31 December 2016.



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### 28 - FINANCIAL RISK MANAGEMENT (Continued)

#### Price risk

All common stocks in Group's portfolio, measured at fair value through profit or loss, are actively traded in ISE. According to Group's analysis, the profit before tax of the Group from the financial asset valuation will increase/decrease by TL 445,129 (31 December 2015: TL 207,691) in the case of a 5% increase/decrease in ISE index with all other factors remaining constant as of 31 December 2016.

According to Group's analysis, the profit before tax of the Group from the financial asset valuation will increase/decrease by TL 31,491 (31 December 2015: TL 11,134) in the case of a 5% increase/decrease in VIOP index with all other factors remaining constant as of 31 December 2016.

#### iv. Share capital management

The Group's objectives when managing capital is to decrease the investment risk through portfolio diversification. The Group tries to provide returns for shareholders, preserve and increase the value of its portfolio. In order to add value to its portfolio, the Group invests in high yielding marketable securities and other financial instruments, monitors the developments in capital markets, other financial institutions and modifies its portfolio strategy accordingly.

### 29 - FINANCIAL INSTRUMENTS

#### *The fair value of the financial instruments*

Despite of the obligatory sale and the close-out, the fair value describes the amount of the financial instrument for its purchase and sell, to the consent process of related sides. Under this circumstance, the quoted market price reflects the fair value, most appropriately.

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

Despite of the financial lease receivables and borrowings, the fair values of short-term assets and liabilities have been estimated close to their book values since the impact of the discount is irrelevant for the fair value.

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

	Carrying value		Fair value	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
<b>Financial assets</b>				
Banks	177,717,913	97,996,741	177,717,913	97,996,741
Trade receivables	135,090,604	112,913,090	133,664,927	112,913,090
Financial assets	32,357,296	17,960,702	32,357,296	17,960,702
<b>Financial liabilities</b>				
Financial liabilities	185,240,669	135,398,003	185,240,669	135,398,003

# ÜNLÜ YATIRIM HOLDİNG A.Ş.

## CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016 ORIGINALLY ISSUED IN TURKISH

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

### 29 - FINANCIAL INSTRUMENTS (Continued)

#### Fair value hierarchy

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

- First level: Financial assets and liabilities are valued at the stock exchange price in an active market for exactly the same assets and liabilities.
- Second level: Financial assets and liabilities are valued with the inputs used to determine a directly or indirectly observable price other than the stock market price of the relevant asset or liability mentioned in Level 1.
- Third level: Financial assets and liabilities are valued with inputs that cannot be based on data observable in the market and used to determine the fair value of the asset or liability.

31 December 2016	Level 1	Level 2	Level 3	Total
Financial assets held for trading	8,252,964	-	20,158,393	28,411,357
Available-for-sale financial assets <sup>(*)</sup>	-	1,341,572	2,604,367	3,945,939
31 December 2015	Level 1	Level 2	Level 3	Total
Financial assets held for trading	11,885,130	-	2,320,012	14,205,142
Available-for-sale financial assets <sup>(*)</sup>	-	-	3,755,560	3,755,560

<sup>(\*)</sup> Available-for-sale financial assets are comprised of equity shares and are shown at cost value because the fair value cannot be measured reliably. The ISE shares classified by the Group as available-for-sale financial assets are valued based on the bid price declared by ISE and are shown in Level 2.

### 30 - DISCLOSURES OF INTERESTS IN OTHER ENTITIES

	Non-controlling interests <sup>(*)</sup>	Non-controlling interests in current year profit/(loss)	Retained non-controlling interests	Un-paid capital attributable to non-controlling interests	Dividend paid to non-controlling interests
31 December 2016					
Mena Finans	25.00%	(995)	26,981	-	-
Plato Finans <sup>(*)</sup>	23.98%	(746,648)	(537,335)	(822,000)	-
Ünlü Menkul <sup>(*)</sup> (**)	-	-	-	-	-
		<b>(747,643)</b>	<b>(510,354)</b>	<b>(822,000)</b>	<b>-</b>
31 December 2015					
Mena Finans	25.00%	696	27,987	-	-
Plato Finans <sup>(*)</sup>	23.98%	(781,269)	(630,679)	(822,000)	-
Ünlü Menkul <sup>(*)</sup> (**)	-	5,213,576	-	-	-
		<b>4,433,003</b>	<b>(602,692)</b>	<b>(822,000)</b>	<b>-</b>

<sup>(\*)</sup> As disclosed in note 2.D. (A), changes in share of non-controlling interest in the shareholding have been occurred in the period.

<sup>(\*\*)</sup> The Company has increased its ownership rate in the subsidiary Ünlü Menkul to 25% up to 100% by share transfer agreement with Standard Bank Group Limited as of 20 August 2015. In the scope of TFRS 10, the profit/loss of non-controlling interest corresponding to the period is subjected to the relevant share transfer.

# ÜNLÜ YATIRIM HOLDİNG A.Ş.

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

### 30 - DISCLOSURES OF INTERESTS IN OTHER ENTITIES (Continued)

Plato Finans, subsidiary of the Company, generates almost all the non-controlling part of the Group. Plato Finans's condensed financial information given as follows.

	31 December 2016	31 December 2015
<b>Plato Finans information of condensed balance sheet:</b>		
Current assets	1,060,442	1,167,311
Non-current assets	1,268,416	1,438,829
<b>Total assets</b>	<b>2,328,858</b>	<b>2,606,140</b>
Short-term financial liabilities	1,548,098	570,229
Other short-term liabilities	3,529,634	1,435,226
Other long-term liabilities	313,890	624,849
<b>Total liabilities</b>	<b>5,391,622</b>	<b>2,630,304</b>
Paid in capital	7,000,000	7,000,000
Unpaid capital	(822,000)	(822,000)
Accumulated losses	(9,039,782)	(6,000,771)
Other comprehensive income	(200,982)	(201,393)
<b>Net assets</b>	<b>(3,062,764)</b>	<b>(24,164)</b>
<b>Plato Finans information of condensed income statement:</b>		
Sales	6,456,988	9,498,644
Net loss for the period	(3,113,629)	(3,222,373)
Other comprehensive income	411	(35,628)
Non-controlling interest	(746,648)	(781,269)
Equity holders of the parent	(2,366,570)	(2,476,732)
<b>Plato Finans information of condensed cash flow statement:</b>		
Cash flow used in by operating activities	(2,787,294)	(3,106,877)
Cash flows provided by investment activities	2,233,503	(1,372,489)
Cash flows provided by financing activities	535,873	4,420,734
Net decrease in cash and cash equivalents	(17,918)	(66,712)
Cash and cash equivalents at the beginning of the period	28,131	94,843
Cash and cash equivalents at the end of the period	10,213	28,131

Information above represented amounts before inter-company eliminations.

Plato Finans's abovementioned consolidated summary balance sheet was prepared considering that the continuity of the company was clear. Plato Finans's capital increased to TL 3,000,000 (in full) from TL 2,000,000 (in full) with the company's TL 725,850 contribution (in full) on 2 July 2015. The Extraordinary General Assembly held a meeting on 25 December 2015 because Plato Finans's capital and two-thirds of its total legal reserves were non-reciprocal because of the loss on last year's balance sheet as per Turkish Commercial Code Article 376. As per the decision made in the meeting, Plato Finans's capital was increased to TL 7,000,000 (in full) from TL 3,000,000 (in full) with Istanbul Varlık's contribution (in full) of TL 2,903,400 on 28 December 2015.

# ÜNLÜ YATIRIM HOLDİNG A.Ş.

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

### 31 - SUBSEQUENT EVENTS

- (i) In accordance with the Board of Directors decision numbered 2017/1 dated 10 January 2017 of Ünlü Menkul, all of the 5,000,000 shares with a nominal value of TL 5,000,000 owned by the Ünlü Portföy has been decided to transfer together with all assets and liabilities and the legal and financial liabilities to transfer the Company's main shareholder Ünlü Yatırım Holding A.Ş. The related share transfer transaction was approved at the meeting of CMB dated 3 March 2017 and numbered 9/342.
- (ii) In recognition of the decision of the Board of Directors of the Ünlü Portföy dated 20 February 2017 and numbered 2017/3, it has been decided to apply to the CMB for the approval of the issuance document in order to allow the issuance of the participation shares of the Ünlü Portföy Yönetimi A.Ş. Birinci Gayrimenkul Yatırım Fonu.
- (iii) According to the decision of the Board of Directors of Ünlü Menkul dated 20 February 2017 and numbered 2017/04, it has been decided to apply for permission to the CMB for intermediation of transmission of orders.
- (iv) According to the decision of the Board of Directors dated 6 March 2017 numbered 2017/09, it has been decided to open a contact office in Ankara and apply to CMB. The application of opening a contact office is approved with CMB correspondence dated 24 March 2017.
- (v) In accordance with the decision of the Board of Directors of Ünlü Menkul dated 16 March 2017 numbered 2017/16, it has been decided to apply to CMB for issuance of Bonds/Bills and Structured Debt Instruments up to TL 100,000,000 which is planned to be issued to Qualified Investors within one year by the Group.







Ahı Evran Cad. Polaris Plaza No: 21 Kat: 1  
34398 Maslak, Sarıyer , Istanbul/Turkey

T +90 (212) 367 36 36  
F +90 (212) 346 10 40  
E [news@unluco.com](mailto:news@unluco.com)



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