Ünlü Yatırım Holding A.Ş.
and
Its Subsidiaries

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

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Ünlü Yatırım Holding Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Revenue recognition

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

The key audit matter	**How the matter was addressed in our audit**
The Group's revenue from brokerage activities recognised in the statement of profit or loss and other comprehensive income as "revenue" for the period between 1 January - 31 December 2018 is amounting to TL 1,851,728,508. The Group's revenue mainly consists of income from sale of financial asset, and brokerage commissions. Since revenue is recognised as a result of high volume of transactions, system-automated processes, and use of different methods and parameters in these calculations, revenue recognition was considered to be a key audit matter.	Our procedures performed for testing revenue recognition included below: Evaluating the design, implementation and operating effectiveness of internal controls on revenue recognition process with the assistance of our IT specialists by understanding the Group's revenue process. Evaluating the appropriateness of the accounting policies applied by the Group management in accordance with TFRS. In order to test the revenue amount recognised appropriately in accordance with TFRS, comparing the transaction details with the supporting documents obtained for the transactions on sample basis during the reporting period. Performing expectation analysis for income from sale of financial asset and brokerage commissions.

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Valuation of receivables to be liquidated

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

The key audit matter	How the matter was addressed in our audit
As at 31 December 2018, the Group has receivables to be liquidated amounting to net TL 190,399,430. Determining the future cash flow projections of receivables to be liquidated and discount rates used in net present value calculations requires a significant management judgement. The valuation of receivables to be liquidated was considered to be a key audit matter, due to the significance of estimates and assumptions of the management that may affect the amount of the receivables to be liquidated.	Our procedures performed for testing valuation of receivables to be liquidated included below: Evaluation of design, implementation and operating effectiveness of the controls on the determination of future cash flow projections of receivables to be liquidated. Inquiry with management and obtaining supporting evidence related to future cash flow projections. Testing existence and accuracy of collections occurred in the current period by selecting samples related to the receivables to be liquidated. Testing net present value amounts recognised in the financial statements by recalculating using the discount rates determined in the initial recognition of these cash flow projections.

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

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

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

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

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

Responsibilities of auditors in an audit are as follows:

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

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

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

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

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

B) Other Legal and Regulatory Requirements

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

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

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

Alper Güvenç, SMMM
Partner

25 April 2019
İstanbul, Türkiye

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018 (BALANCE SHEET)

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

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

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

ÜNLÜ YATIRIM HOLDİNG A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018 (BALANCE SHEET)

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

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

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

ÜNLÜ YATIRIM HOLDİNG A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

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

ÜNLÜ YATIRIM HOLDİNG A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

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

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

ÜNLÜ YATIRIM HOLDİNG A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

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

1 ORGANISATION AND NATURE OF OPERATIONS

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

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

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

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

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

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

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

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

1 ORGANISATION AND NATURE OF OPERATIONS (Continued)

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

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

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

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

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

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

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

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

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

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

A. BASIS OF PRESENTATION

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

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

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

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

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

TFRS 16 Leases

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

TFRS Interpretation 23 –Uncertainty Over Income Tax Treatments

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

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

Amendments to TFRS 9 - Prepayment features with negative compensation

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

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

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

The revised Conceptual Framework

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

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

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

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

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

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

Annual Improvements to IFRSs 2015-2017 Cycle

Improvements to IFRSs

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

IFRS 3 Business Combinations and *IFRS 11 Joint Arrangements*

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

IAS 12 Income Taxes

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

IAS 23 Borrowing Costs

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

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

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

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

IFRS 17 – Insurance Contracts

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

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

Amendments to IAS 1 and IAS 8 - Definition of Material

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

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

Amendments to IFRS 3 - Definition of a Business

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

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

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

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

(d) Functional and presentation currency

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

(e) Offsetting

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

(f) Going concern

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

B. CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

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

C. CHANGES IN ACCOUNTING POLICIES

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

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. CHANGES IN ACCOUNTING POLICIES (Continued)

TFRS 15 Revenue from Contracts with Customers

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

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

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

TFRS 9 Financial Instruments

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

Classification and measurement of financial assets and liabilities

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

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

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

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

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

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

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

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. CHANGES IN ACCOUNTING POLICIES (Continued)

TFRS 9 Financial Instruments (Continued)

Classification and measurement of financial assets and liabilities (Continued)

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

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

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

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

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

Impairment of Financial Assets

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

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

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

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. CHANGES IN ACCOUNTING POLICIES (Continued)

TFRS 9 Financial Instruments (Continued)

Impairment of Financial Assets (Continued)

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

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

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

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

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

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

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

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

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

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

Subsidiaries

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

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

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

Subsidiaries (Continued)

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

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

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

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

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

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

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

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

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

Subsidiaries (Continued)

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

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

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

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

(b) Revenue recognition

(i) Fee and commission income and expenses

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

(ii) Interest income and expenses and dividend income

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

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

Interest income on loans

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Trade receivables

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

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

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

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

(d) Explanations on financial assets

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

Financial assets recognized at amortized cost

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

(a) Retention of the asset in the context of a management model aimed at the collection of contractual cash flows

(b) The contractual provisions of the financial asset cause cash flows on the principal dates and interest payments on certain dates at certain dates.

Financial assets recognized at fair value

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

Financial assets;

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Explanations on impairment of financial assets

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

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

(f) Explanations on netting of financial assets

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

(g) Trade payables

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

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

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

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

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

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

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

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

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Property and equipment

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

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

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

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

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

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

(k) Intangible assets

Intangible assets comprise acquired intellectual property, information systems and computer software. They are recorded at acquisition cost and amortized on a straight-line basis over their estimated economic lives for a period not exceeding three to five years from the date of acquisition. To determine the change effect in estimation of the estimated useful lives and depreciation method is considered every year and recognised accordingly to changes in these estimations (Note 15).

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

(l) Financial liabilities

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

(m) Foreign exchange transactions

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

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Foreign exchange transactions (Continued)

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

(n) Provisions, contingent liabilities and assets

In accordance with the Turkish Accounting Standard 37 ("TAS 37") "Provisions, Contingent Assets and Liabilities", Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the financial statements and treated as "Contingent assets or liabilities" (Note 16).

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

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

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

(p) Subsequent events

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

(r) Related parties

For the purpose of the accompanying consolidated financial statements, shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties. A number of transactions are entered into with related parties in the normal course of the business. These transactions consist of the transfer of the assets and liabilities between related parties by a price or free of charge (Note 4).

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Taxes calculated over corporation income

Corporate tax

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

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

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

Deferred tax

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The rates enacted, or substantively enacted, at the balance sheet date are used to determine deferred income tax (Note 25).

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

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

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

Transfer pricing

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

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

(t) Employee benefits

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

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Employee benefits (Continued)

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

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

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

(u) Explanations on loans and borrowings

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

(v) Cash flow statement

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

(y) Goodwill

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

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

(z) Earning per share

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

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(a) Financial instruments

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

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

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

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

Assets in this category are classified as current assets.

(ii) Financial assets available-for-sale

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

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

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

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

(b) Trade receivables

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

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

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

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(c) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(d) Revenue recognition

Interest income/expense and dividend income

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

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

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

E. SIGNIFICANT ACCOUNTING ASSESSMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

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

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

3 SEGMENT REPORTING

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

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

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

3 SEGMENT REPORTING (Continued)

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

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

3 SEGMENT REPORTING (Continued)

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

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

4 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a) Balances with related parties

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

(*) See Note 12.

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

4 BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

a) Balances with related parties (Continued)

Receivables (Continued)

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

(*) See Note 12.

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

4 BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

b) Transactions with related parties

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

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

4 BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

b) Transactions with related parties (Continued)

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

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

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

5 CASH AND CASH EQUIVALENTS

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

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

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

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

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

5 CASH AND CASH EQUIVALENTS (Continued)

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

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

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

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

6 FINANCIAL INVESTMENTS

Short term financial investments

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

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

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

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

6 FINANCIAL INVESTMENTS (Continued)

Short term financial investments (Continued)

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

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

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

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

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

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

Long term financial investments

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

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

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

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

7 INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Investments in associates

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

(1) See Note 12.

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

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

(1) See Note 12.

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

7 INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

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

	31 December 2018	31 December 2017
Total assets	389,747,159	275,842,769
Total liabilities (-)	(279,856)	(234,179)
Net assets	**389,467,303**	**275,608,590**
Share in net assets of the associate	18,546,063	13,124,219
Total share of the Company in the net assets of the subsidiaries	**18,546,063**	**13,124,219**

	1 January - 31 December 2018	1 January - 31 December 2017
Profit/(loss) for the period	(27,710,510)	44,918,974

	1 January - 31 December 2018	1 January - 31 December 2017
At the beginning of the period	**13,124,219**	**7,175,591**
Share of the profit/(loss)	(1,319,020)	2,138,143
Additional share acquisition	6,740,864	3,810,485
Total change in the associate in accordance with equity method	**5,421,844**	**5,948,628**
Period end	**18,546,063**	**13,124,219**

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

8 TRADE RECEIVABLES AND PAYABLES

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

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

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

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

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

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

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

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

8 TRADE RECEIVABLES AND PAYABLES (Continued)

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

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

Movement of specific provisions for doubtful accounts is as follows:

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

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

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

9 OTHER RECEIVABLES AND PAYABLES

	31 December 2018	31 December 2017
Short term other receivables		
Guarantees given to Forex Capital Markets LTD and IG Markets LTD	39,762,639	19,507,835
Other deposits and guarantees given	4,874,674	1,141,521
Other receivables due from related parties (Note 4)	313,543	317,516
Guarantees given to Derivatives Market	655,357	215,507
Other	150,004	163,293
Total	**45,756,217**	**21,345,672**
Other long term receivables		
Deposits and guarantees given	125,324	82,857
Total	**125,324**	**82,857**

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

10 PREPAID EXPENSES

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

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

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

11 OTHER ASSETS AND LIABILITIES

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

12 ASSETS HELD FOR SALE AND DISPOSAL GROUPS

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

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

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

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

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

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

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

13 FINANCIAL LIABILITIES

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

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

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

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

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

13 FINANCIAL LIABILITIES (Continued)

Details of borrowings are as follows:

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

Details of financial lease obligations are as follows:

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

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

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

14 PROPERTY AND EQUIPMENT

31 December 2018	Office equipment	Furniture and fixtures	Other tangible asset	Leasehold improvements	Total
Net book value, 1 January 2018	1,850,414	547,553	221,781	1,223,695	3,843,443
Additions	819,663	95,460	188,463	41,130	1,144,716
Disposals (net)	--	--	--	--	--
Depreciation charge	(678,762)	(260,252)	(38,717)	(303,043)	(1,280,774)
Transfers	--	--	--	--	--
Net book value	**1,991,315**	**382,761**	**371,527**	**961,782**	**3,707,385**
Cost	6,545,134	3,467,827	665,133	3,726,722	14,404,816
Accumulated depreciation	(4,553,819)	(3,085,066)	(293,606)	(2,764,940)	(10,697,431)
Net book value	**1,991,315**	**382,761**	**371,527**	**961,782**	**3,707,385**

31 December 2017	Office equipment	Furniture and fixtures	Other tangible asset	Leasehold improvements	Total
Net book value, 1 January 2017	1,582,932	1,212,167	242,676	303,694	3,341,469
Additions	792,003	251,823	--	496,115	1,539,941
Disposals (net)	(8,618)	--	--	--	(8,618)
Depreciation charge	(515,903)	(112,879)	(20,895)	(379,672)	(1,029,349)
Transfers	--	(803,558)	--	803,558	--
Net book value	**1,850,414**	**547,553**	**221,781**	**1,223,695**	**3,843,443**
Cost	5,725,471	3,372,367	476,670	3,685,592	13,260,100
Accumulated depreciation	(3,875,057)	(2,824,814)	(254,889)	(2,461,897)	(9,416,657)
Net book value	**1,850,414**	**547,553**	**221,781**	**1,223,695**	**3,843,443**

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

15 INTANGIBLE ASSETS

A. OTHER INTANGIBLE ASSETS

	1 January 2018	Additions	Disposals	31 December 2018
Cost	3,766,339	681,229	--	4,447,568
Accumulated amortization	(2,341,948)	(682,553)	--	(3,024,501)
Net book value	**1,424,391**	**(1,324)**	**--**	**1,423,067**

	1 January 2017	Additions	Disposals	31 December 2017
Cost	3,376,943	398,614	(9,218)	3,766,339
Accumulated amortization	(1,591,286)	(759,880)	9,218	(2,341,948)
Net book value	**1,785,657**	**(361,266)**	**--**	**1,424,391**

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

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

15 INTANGIBLE ASSETS (Continued)

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 on 2012, and 59,033,300 units of shares which constitute 22% of the Company with a value of 1 (one) kurus each owned by Mahmut Levent Ünlü, to Ünlü Yatırım Holding A.Ş. (formerly known as "Ünlü Finansal Yatırımlar A.Ş.") 94.51% of whose shares are owned by Mahmut Levent Ünlü, via the share transfer agreement dated 10 April 2012 was approved by CMB on 29 August 2012.

The Company became controlling shareholder by buying 268,333,000 units of shares of Ünlü Menkul which constitutes 53% of Ünlü Menkul's total nominal value of 142,216,490 shares, from Standard Bank London Holdings as of 30 October 2012.

ii. As of 1 November 2012, the Company purchased 100% of 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 24 August 2015, Ünlü Yatırım Holding A.Ş. acquired 250,000,000 shares of Ünlü Menkul each having 1 Kurus ("Kr") nominal value to TL 2,500,000 which constitute of 25% the Company from Standard Bank Group Limited through a share transfer agreement and owned the whole of Ünlü Menkul.

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

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

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

15 INTANGIBLE ASSETS (Continued)

B. GOODWILL (Continued)

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

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

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

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

16 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

(i) Short term provisions

	31 December 2018	31 December 2017
Provisions for lawsuits[1]	1,418,109	1,229,408
Total	**1,418,109**	**1,229,408**

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

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

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

(ii) Assets kept on behalf of customers

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

(iii) Letter of guarantees given

	31 December 2018	31 December 2017
Istanbul Settlement and Custody Bank Inc, money market deposit	26,500,000	26,500,000
İstanbul Takas ve Saklama Bankası A.Ş. Merkezi collateral guarantee	12,000,000	12,000,000
Collateral provided to IG Markets LTD for the leverage trading	7,891,350	5,657,850
Collateral provided to courts and directorate of bailiff and execution	819,064	10,368,254
Transaction collateral for ISE bonds and bills market	750,000	2,200,000
Collateral given to Turk Telekomunikasyon A.Ş.	18,200	18,200
Collateral for CMB brokerage operations	1,776	1,776
Transaction collateral for ISE equity market	--	--
Guarantees given to Forex Capital Markets LTD. related to leverage trading	--	--
Collateral given to Aselsan Elektronik San. ve Tic. A.Ş.	--	--

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

16 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

(iv) Securities given as collaterals

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

As of 31 December 2018, the cash collateral amounting to TL 84,253 was restricted on behalf of the CMB on İstanbul Takas ve Saklama Bankası A.Ş. ("Takasbank") (31 December 2017: TL 74,355) (Note 5).

(v) Contingent liabilities

As of 31 December 2018, the total commitment of 212 Capital Partners I Coöperatief U.A., which is classified as financial assets at fair value through other comprehensive income with a share of 3,31%, is USD 30,200,000 for all shareholders to raise in the future periods. Within the year 2017, 212 Capital Partners I Coöperatief U.A. made a commitment payment and Ünlü Yatırım Holding A.Ş. paid a total of US $ 110,705 to the amount of TL 414,863 by paying USD 25,000 on 18 January 2017, USD 20,000 on 18 July 2017, USD 30,000 on 22 December 2017, and USD 35,705 on 20 January 2018 (31 December 2017: USD 25,000 on 18 January 2017, USD 20,000 on 18 July 2017 and USD 30,000 on 22 December 2017, amounting to USD 75,000 and a total of TL 279,980) (Note 6).

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

17 CONTINGENCIES AND COMMITMENTS

Explanations regarding derivatives

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

31 December 2017					
Contract definition	**Maturity**	**Position**	**Number of contracts**	**Settlement price**	**Nominal value**
O_TUPRSE0118P105	31 January 2019	Short	28	0.15	420
O_TUPRSE0118P110	31 January 2019	Short	27	0.37	999
Net position					**1,419**

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

18 PROVISION FOR EMPLOYEE BENEFITS

	31 December 2018	31 December 2017
Short term employee benefits		
Bonus provision	7,969,306	4,463,970
Unused vacation provision	4,080,572	3,048,248
Total	**12,049,878**	**7,512,218**
Long term employee benefits		
Provision for employment termination benefits	2,308,106	1,637,521
Total	**2,308,106**	**1,637,521**

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

Provisions for employment termination benefits

The provision for employment termination benefits is reserved in line with the explanations below. Under the Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men).

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of employees.

The present value of the Group's probable liability is calculated using the assumptions in the following table.

	31 December 2018	31 December 2017
Discount rate (%)	5.00	4.69
Turnover rate to estimate the probability of retirement (%)	88.70	88.70

The basic assumption is that the determined value for every working year increases proportional to inflation. Using this assumption, the existing discount ratio shows the real ratio, unaffected by inflation. Therefore, the maximum amount of employment termination benefits of the Group is determined every six months and is calculated using the maximum amount of TL 5,434 which is valid since 1 July 2018 (31 December 2017: TL 4,732).

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

18 PROVISION FOR EMPLOYEE BENEFITS (Continued)

Provisions for employment termination benefits (Continued)

Movements in the bonus provision for the year ended 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Beginning of the period	4,463,970	5,094,200
Change during the period	7,969,306	4,463,970
Disposals from subsidiaries sales transaction (-)	(4,463,970)	(5,094,200)
End of the period	**7,969,306**	**4,463,970**

Movements in the provision for unused vacation for the year ended 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Beginning of the period	3,048,248	2,613,660
Provision during the period	1,412,159	593,444
Payment during the period (-)	(379,835)	(158,856)
End of the period	**4,080,572**	**3,048,248**

Movements in the provision for employment termination benefits for the year ended 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Beginning of the period	1,637,521	2,065,407
Service cost	318,686	518,436
Interest cost	249,150	270,851
Actuarial gain/(loss)	558,856	(662,813)
Transfers	(128,259)	--
Payment during the period (-)	(327,848)	(554,360)
End of the period	**2,308,106**	**1,637,521**

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

19 SHAREHOLDERS' EQUITY

Share capital

As of 31 December 2018 and 2017, share capital structure of the parent Company is as follows:

	31 December 2018		31 December 2017	
Name of the shareholder	**Amount (TL)**	**Share (%)**	**Amount (TL)**	**Share (%)**
Mahmut Levent Ünlü	116,104,446	84.2981	31,999,996	84.2981
The Wellcome Trust Ltd. as Trustee	13,498,188	9.8004		
of the Wellcome Trust [4]			3,720,288	9.8004
Standard Bank Group Ltd. [3]	6,078,838	4.4136	1,675,412	4.4136
Ünlü Yatırım Holding A.Ş.[6]	417,158	0.3029	--	--
Simge Ündüz [1]	306,860	0.2228	84,575	0.2228
Can Ünalan [1] [2]	283,821	0.2061	88,225	0.2324
İbrahim Romano [1] [2]	190,045	0.1380	52,379	0.1380
Kağan Çevik [1]	165,881	0.1204	120,919	0.3185
Tunç Yıldırım [1]	160,006	0.1162	44,100	0.1162
Mehmet Sait Sezgin [1]	113,728	0.0826	31,345	0.0826
Tahir Selçuk Tuncalı [1] [2]	145,131	0.1054	40,000	0.1054
Mehmet Batur Özyar [1]	85,322	0.0619	23,516	0.0619
Ayşe Akkın Çakan	27,212	0.0198	7,500	0.0198
Mediha Esra Korkmazarslan	27,212	0.0198	7,500	0.0198
Sema Argın	27,212	0.0198	7,500	0.0198
Tuncay Kuli	27,212	0.0198	7,500	0.0198
Cevdet Uygar Aksoy	27,212	0.0198	7,500	0.0198
Mustafa Sönmez	18,141	0.0132	5,000	0.0132
Burak Dedeler	9,071	0.0066	2,500	0.0066
Kemal Kerem Göktan	9,071	0.0066	2,500	0.0066
Utku Özay	9,071	0.0066	2,500	0.0066
Kamil Attila Köksal [2]	4	0.0000	1	0.0000
Erdem Selim[5]	--	--	7,500	0.0198
Vedat Mizrahi [5]	--	--	22,275	0.0587
Total	**137,730,842**	**100.00**	**37,960,531**	**100.00**

[1] With Decision No. 6, dated 22 January 2014, new amendments regarding the Company's bonus policy for the company-employee relationships of Ünlü Yatırım Holding A.Ş. were declared and will be valid as of and after 1 January 2014. The main purpose of the new policy, called a long term incentive procedure, is to sustain employee motivation and loyalty to the Group and their continued contribution to corporate targets with remuneration and reward policies.

Within this framework, for employees whose total gross bonus amounted to USD 300,000 or higher at the end of the said performance year, the Group pays 65% of said amount, and for employees whose total gross bonus amount calculated at the end of said performance year is between USD 150,000 and USD 299,999, the Group pays 75% of the said amount in cash by the end of March of the year following the performance year, as a success bonus by the subsidiaries of the Company. The remaining 35% and 25% of the total gross bonus amounts are paid in cash, in accordance with the separate share purchase agreement made between Ünlü Yatırım Holding A.Ş. and Group employees on behalf of the employees who were entitled to this performance bonus as an additional right, on the condition that the new shares which are issued by ÜYH and has a pledge of the Company over them, are purchased.

19 SHAREHOLDERS' EQUITY (Continued)

Share capital (Continued)

Within this scope, in 2017 the Company issued and registered 297,190 shares worth TL 2,000,089 on behalf of Group employees, within the scope of the bonus policy mentioned above. However, the Company's obligation to deliver these pledged shares to the employees that these shares are registered on behalf of will only arise within the scope of the requirements and when the loyalty period ends. As per the same agreement, the Company has the right to pay the current market value of the shares as of the delivery date to the employees who are entitled to these shares, instead of delivering them the shares.

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

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

(4) As of 12 February 2016, The Wellcome Trust has invested TL 52,176,060 through a capital increase and has a 9.80% share in the Company. The mentioned capital increase was registered with the Istanbul Trade Registry Directorate on 17 February 2016 and published in the Turkish Trade Registry Gazette dated 23 February 2016 and numbered 9017.

(5) It has been decided to acquire the shares of Erdem Selim with a nominal value of TL 3,500 on 2 January 2018 and TL 4,000 on 31 October 2018. The Company has recognised its share in the amount of TL 146,645, which is the fair value of this share, in shareholders' equity. It has been decided to acquire the shares of Vedat Mizrahi with a nominal value of TL 22,275 on 11 July 2018. The Company has recognised its share in the shareholders' equity account amounting to TL 439,486 which is the fair value of this share.

(6) The Company has repurchased the shareholder's shares amounting to TL 2,263,322 and which have a nominal value of TL 114,975. The share increase with a nominal value of TL 302,183 has been realised on behalf of Ünlü Yatırım Holding A.Ş., due to the capital increase made with internal resources.

With the decision of the Ordinary General Assembly dated 4 September 2012, the capital of Ünlü Yatırım Holding A.Ş. (formerly known as "Ünlü Finansal Yatırımlar A.Ş.") was raised to TL 32,000,000 from TL 50,000. Capital increase had been fully covered by Mahmut Levent Ünlü. This capital increase decision had been registered on 11 September 2012 and published on Trade Registry Gazette numbered 8154 dated 17 September 2012.

As a result of the Ordinary General Assembly meeting held on 23 May 2014, the paid-in capital of the Company was increased from TL 32,000,000 to TL 32,153,606, and Article 6 of the Company's Articles of Association was changed. This capital increase was made by issuing shares at a premium, Mahmut Levent Ünlü and Kamil Attila Köksal waived their pre-emptive rights. This capital increase decision had been registered on 3 June 2014 and published on Trade Registry Gazette numbered 8586 dated 9 June 2014.

As a result of the Ordinary General Assembly meeting held on 29 September 2015, the paid-in capital of the Company was increased from TL 32,153,606 to TL 32,182,966 and Article 6 of the Company's Articles of Association was changed. This capital increase was made by issuing shares at a premium, and Mahmut Levent Ünlü, İbrahim Romano, Tahir Selçuk Tuncalı, Kamil Attila Köksal, Kağan Çevik, Tunç Yıldırım, Mehmet Batur Özyar, Vedat Mizrahi and Mehmet Sezgin waived their pre-emptive rights. This capital increase decision had been registered on 30 September 2015 and published on Trade Registry Gazette numbered 8918 dated 5 October 2015.

19 SHAREHOLDERS’ EQUITY (Continued)

Share capital (Continued)

As a result of the Ordinary General Assembly meeting held on 20 October 2015, the paid-in capital of the Company was increased from TL 32,182,966 to TL 33,858,378 and Article 6 of the Company’s Articles of Association was changed. Excess of TL 1,675,412 increased in capital total amount of TL 22,732,588 was added to the statutory reserves as share premium. In this capital increase, all current shareholders of the Company waived their pre-emptive rights, and all of the increase amount was paid by Standard Bank Group Ltd. This capital increase decision had been registered on 21 October 2015 and published on Trade Registry Gazette numbered 8934 dated 27 October 2015.

As a result of the Extraordinary General Assembly held on 12 February 2016, the paid-in capital of the Company increased from TL 33,858,378 to TL 37,578,666 and the 6th article of the Company’s Articles of Association which is related with capital was changed.

All of the capital increase is paid by The Wellcome Trust Limited as Trustee of the Wellcome Trust. The portion pledged by The Wellcome Trust Limited as Trustee of the Wellcome Trust and exceed TL 3,720,288 of the capital amounting to TL 48,455,772 is paid in cash and fully by The Wellcome Trust Limited as Trustee of the Wellcome Trust has been added to the legal reserves as a stock premium.

The shareholders of the company Standard Bank Group Limited, Mahmut Levent Ünlü, Kagan Çevik, Tunç Yıldırım, Mehmet Batur Özyar, Simge Ündüz, Can Ünalan, İbrahim Romano, Tahir Selçuk Tuncalı, Vedat Mizrahi, Hakan Ansen, Mehmet Sait Sezgin, Demet Kargın and Kamil Attila Köksal were not included in the capital increase by giving up their privileged rights. This capital increase decision had been registered on 17 February 2016 and published on Trade Registry Gazette numbered 9017 dated 23 February 2016.

As a result of the Ordinary General Assembly meeting of 2015 held on June 29, 2016, the Company's paid-in capital was increased from TL 37,578,666 to TL 37,663,341 and the article 6 of the Company's Articles of Association was amended. This capital increase decision had been registered on 13 July 2016 and published on Trade Registry Gazette numbered 9118 dated 19 July 2016.

As a result of the Ordinary General Assembly meeting of 2016 held on December 19, 2017, the Company's paid-in capital was increased from TL 37,663,341 to TL 37,960,531 and the article 6 of the Company's Articles of Association was amended. This capital increase decision had been registered on 20 December 2017 and published on Trade Registry Gazette numbered 9481 dated 26 December 2017.

As a result of the Ordinary General Assembly meeting of 2017 held on December 25, 2018, the Company's paid-in capital was increased from TL 37,960,531 to TL 137,730,842 and the article 6 of the Company's Articles of Association was amended. This capital increase decision has been registered on 27 December 2018 and published on Trade Registry Gazette numbered 9737 dated 3 January 2019. The entire amount of the increase is comprised of the freely available internal resources in the financial statements of the Company, the funds allowed by the legislation to be added to the capital, and the extraordinary reserves.

Share premium

As of 31 December 2018, the shareholding rights acquired related to the above-mentioned premium system are recognized on an accrual basis. As a result of the Ordinary General Assembly meeting of 2017, the paid-in capital of the Company has been increased from TL 37,960,531 to TL 137,730,842. TL 75,239,607 of the increase amount has been classified as capital.

19 SHAREHOLDERS' EQUITY (Continued)

Repurchased shares

In accordance with the resolution of the Board of Directors dated January 2, 2018 and numbered 2018/01, it was decided to acquire the shares of Can Ünalan, amounting to TL 10.000 and the shares of Erdem Selim, amounting to TL 3,500 by the Company. The Company has recognised TL 193,500 and TL 67,725 respectively for the fair value of these shares in the shareholders' equity items account.

In accordance with the resolution of the Board of Directors dated July 11, 2018 and numbered 2018/05, it was decided to acquire the shares of Vedat Mizrahi, amounting to TL 22,275 by the Company. The Company has recognised TL 439,486 for the fair value of these shares in the shareholders' equity items account.

In accordance with the resolution of the Board of Directors dated July 25, 2018 and numbered 2018/06, it was decided to give Kağan Çevik shares at a nominal amount of TL 28,000 as loyalty Premium. The Company has recognised TL 552,444 for the fair value of these shares on behalf of Kağan Çevik.

In accordance with the resolution of the Board of Directors dated October 11, 2018 and numbered 2018/11, it was decided to acquire the shares of Kağan Çevik, amounting to TL 103,200 by the Company. The Company has recognised TL 2,036,136 for the fair value of these shares in the shareholders' equity items account.

In accordance with the resolution of the Board of Directors dated October 31, 2018 and numbered 2018/12, it was decided to acquire the shares of Erdem Selim, amounting to TL 4,000 by the Company. The Company has recognised TL 78,920 for the fair value of these shares in the shareholders' equity items account.

Other comprehensive income

Due to on TAS 19 standard, the Group has actuarial loss amounting to TL 107,996 (31 December 2017: TL 344,288 actuarial gain) of net tax comes from employee termination benefit provision.

Currency translation profit amounting to net TL 33,813,485 (31 December 2017: TL 20,713,980 currency translation profit) which is booked to "Currency translation differences" under shareholders' equity is due to exchange of equity items of the subsidiaries subject to consolidation with period-end closing exchange rates and profit and loss items with annual average exchange rates.

Retained earnings

As of 31 December 2018, retained earnings of the Group are TL 24,591,576 (31 December 2017: TL 29,299,432).

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

20 SALES AND COST OF SALES

	1 January – 31 December 2018	1 January – 31 December 2017
Sales	**1,705,175,527**	**1,176,159,188**
Sales of government bonds	1,069,142,060	817,625,663
Sales of common stocks	513,094,746	285,955,142
Sales of financial bonds	107,906,529	62,758,438
Consultancy income	10,650,167	6,321,749
Sales of investment funds	4,310,275	3,498,190
Covered warrants	71,750	6
Service income	**151,839,887**	**102,751,964**
Interest income from loans (1)	65,816,312	37,165,720
Domestic corporate finance income	36,456,880	27,952,525
Commission on sales of common stocks	33,196,915	20,648,309
Foreign corporate finance income	6,238,202	4,092,955
Profit due from Forex transactions	3,183,519	8,822,574
Portfolio management income	1,198,019	1,545,366
Commission on custody transactions	1,063,482	529,256
Fund early exit commission	688	281
Other service income	4,685,870	1,994,978
Deductions from services income (-)	**5,286,906**	**71,809**
Special provision expense to loans (-)	3,722,220	22
Sales returns (-)	43,220	7
Provision expense for doubtful receivables (-)	1,521,466	71,780
Financial sector operations income	**1,851,728,508**	**1,278,839,343**
Cost of government bonds (-)	1,067,929,126	817,228,430
Cost of common stocks (-)	513,442,924	285,797,627
Cost of financial bonds (-)	107,310,788	63,661,555
Cost of investment funds (-)	3,726,192	3,383,173
Cost of consulting services personnel (-)	7,088,654	--
Financial sector operations cost (-)	**1,699,497,684**	**1,170,070,785**
Gross profit from financial sector operations	**152,230,824**	**108,768,558**

(1) The interest income from loans has been composed of collections from receivables to be liquidated of the Company's direct subsidiary, İstanbul Varlık. Interest expenses on borrowings which are used for financing of these receivables to be liquidated are classified under financial expense (Note 24).

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

21 EXPENSES BY NATURE

	1 January – 31 December 2018	1 January – 31 December 2017
Marketing, sales and distribution expenses		
Marketing and distribution expenses	3,152,931	3,329,266
Advertisement and publicity expenses	795,503	884,867
Representation expenses	195,627	536,527
Total	**4,144,061**	**4,750,660**

General administrative expenses		
Personnel expenses	66,686,255	57,379,717
Attorney, consultancy and audit expenses	17,751,360	7,639,331
Tax and sundry expenses	8,663,633	5,525,651
Data line rental expense	4,407,154	2,991,626
Rent expenses	3,670,175	2,670,314
Travel expenses	2,731,045	1,849,493
Depreciation and amortization expenses (Note 14 and 15)	1,963,327	1,789,229
Information technology expenses	1,900,545	1,208,140
Office building administrative expenses	1,158,075	1,120,242
Communication expenses	1,041,687	997,505
Vehicle expenses	654,351	735,712
Lawsuit provision expenses (Note 16)	188,701	165,158
Other general administrative expenses	6,180,461	4,210,108
Total	**116,996,769**	**88,282,226**

22 OTHER OPERATING INCOME

	1 January – 31 December 2018	1 January – 31 December 2017
Other operating income		
Reversal of prior period provisions	864,495	--
Rent and common area income	152,890	235,173
Agreement charge outs	112,506	125,891
Other service income	452,071	46,191
Total	**1,581,962**	**407,255**

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

23 FINANCIAL INCOME

	1 January – 31 December 2018	1 January – 31 December 2017
Foreign exchange gain	60,020,423	28,578,307
Interest income	14,964,333	10,579,880
Derivative market operations income	1,719,486	5,725,393
Investment securities income rediscounts	1,777,276	1,394,434
Dividend income	453,929	416,043
Total	**78,935,447**	**46,694,057**

24 FINANCIAL EXPENSES

	1 January – 31 December 2018	1 January – 31 December 2017
Foreign exchange losses	48,447,595	31,290,099
Interest expenses (1)	27,157,835	19,016,026
Issued debt instruments interest expenses	7,470,673	5,794,407
Option trading expenses	3,747,269	2,599,781
Interest expenses paid to Money Markets	1,646,560	1,045,546
Repo interest expenses	1,482,110	522,240
VİOB operations losses	1,102,370	281,179
Other financial expenses	2,185,799	788,608
Total	**93,240,211**	**61,337,886**

(1) Interest expenses include TL 23,797,043 (31 December 2017: TL 15,474,342) of borrowing interest expenses that are used for financing of receivables to be liquidated of the Company's direct subsidiary İstanbul Varlık.

25 TAX ASSETS AND LIABILITIES

Many clauses of the Corporate Tax Law No. 5520 which are valid starting from 1 January 2006, was taken into effect after being published in the Official Gazette dated 21 June 2006 No. 26205. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% (2016: 20%) for 2017. According to the regulation numbered 7061 published in the Official Gazette on December 5, 2017 with the "Law Amending Certain Tax Laws and Some Other Laws" is set at 22% to be applied to the corporate earnings of the tax years 2018, 2019 and 2020. In addition, the Council of Ministers was authorized to reduce the rate of 22% to 20%. According to the tax legislation, 20% (2017: 20%) of temporary tax is calculated and paid on the quarterly earnings and the amounts paid in this manner are deducted from the tax calculated on the annual earnings. In the event that the advance tax paid remains despite the indictment, this amount can be refunded or offset against other government liabilities.

The corporate tax rate is calculated on the total income of the companies after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed. Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

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

25 TAX ASSETS AND LIABILITIES (Continued)

A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for five years. However, with the amendment made by Law no:7061, this ratio has been raised from 75% to 50% in terms of immovable and this ratio will be used as 50% in tax declarations to be prepared from 2018.

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date. Tax returns are open for five years from the beginning of the year following the date of filing during which period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

	1 January – 31 December 2018	**1 January – 31 December 2017**
Current year tax expense	(3,392,455)	(1,732,096)
Deferred tax income/(expense)	3,701,962	(4,887,288)
Total tax income/(expense)	**309,507**	**(6,619,384)**

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

25 TAX ASSETS AND LIABILITIES (Continued)

The breakdown of cumulative temporary differences and the related deferred tax assets and liabilities as of 31 December 2018 and 31 December 2017, calculated using the enacted tax rates, are as follows:

	Temporary differences		**Deferred tax assets/(liabilities)**	
	31 December 2018	**31 December 2017**	**31 December 2018**	**31 December 2017**
Tax deductible previous years' losses	59,212,207	67,813,585	13,003,607	14,766,161
Provision for employment termination benefit and vacation pay liability	5,971,674	4,002,926	1,267,875	852,269
Expense accruals	42,415	--	9,331	--
Lawsuit provision	1,395,530	1,206,829	307,017	265,502
ECL for doubtful receivables	1,566,980	134,438		
Provision for doubtful receivables			344,736	29,576
Other	27,103	194,896	5,961	42,878
Deferred tax assets			**14,938,527**	**15,956,386**
Loans and receivables valuation differences	88,059,778	88,322,728	17,611,638	17,664,546
Tax effect arising from investments valuated with equity method (*)	39,885,364	53,923,026	8,774,778	10,784,605
Value increase in financial assets at fair value through other comprehensive income	1,357,543	1,357,543	271,509	271,509
Difference between tax base and carrying value of tangible and intangible assets	1,175,717	1,147,645	235,296	230,880
Other	590,538	118,461	129,917	26,063
Deferred tax liabilities			**27,023,138**	**28,977,603**
Net-off			**(10,385,853)**	**(11,208,954)**
Deferred tax assets			**4,552,674**	**4,747,432**
Deferred tax liabilities			**16,637,285**	**17,768,649**

(*) Tax expense on continuing operations' includes the Group's share of the tax expense of equity accounted investees which has been excluded in 'share of profit of equity-accounted investees, net of tax.

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

25 TAX ASSETS AND LIABILITIES (Continued)

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

	31 December 2018	31 December 2017
Profit/(loss) before tax	(4,979,864)	26,409,482
Theoretical income tax at the applicable tax rate of 22% (2017: 20%)	(1,095,570)	5,281,896
The impact of tax rate differences of foreign subsidiaries	1,106,162	782,450
Current period tax losses on which no deferred tax is calculated	102,432	358,836
Recognition of previously unrecognised tax losses	(187,473)	--
Derecognition of previously recognised tax losses	(794,548)	--
Non-deductible expenses	425,799	327,077
Effect of change in tax rate	150,781	--
Other	(17,090)	(130,875)
Current year tax expense	**(309,507)**	**6,619,384**

As of 31 December 2018, the Company has TL 16,401,548 accumulated losses.

As of 31 December 2018, tax deductible losses and last deduction dates of the Company are as follows:

	Carry forward tax losses[1]	Last deduction date
2015	8,760,171	31 December 2020
2016	7,641,377	31 December 2021
Total	**16,401,548**	

[2] As of 31 December 2018, the Company has calculated deferred tax asset amounting to TL 3,608,340 over its financial losses amounting to TL 16,401,548.

As of 31 December 2018, İstanbul Varlık, subsidiary to the Company, has TL 42,810,660 accumulated losses. As of 31 December 2018, tax deductible losses and last deduction dates of İstanbul Varlık are as follows:

	Carry forward tax losses[1]	Last deduction date
2014	24,148,131	31 December 2019
2015	17,508,585	31 December 2020
2016	1,153,944	31 December 2021
Total	**42,810,660**	

[1] As of 31 December 2018, İstanbul Varlık calculated deferred tax asset amounting TL 9,418,345 over its financial losses amounting to TL 42,810,660.

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

25 TAX ASSETS AND LIABILITIES (Continued)

Deferred tax that is not recognised in the financial statements

As of 31 December 2018, deferred tax asset calculated on deductible financial losses is calculated on the condition that it is probable that financial losses will be utilized by obtaining sufficient taxable profit in the near future and it is probable that financial losses will be eliminated.

As of 31 December 2018, Ünlü Portföy, subsidiary of the Company, has TL 304,791 accumulated losses. As of 31 December 2018, Ünlü Portföy's tax losses carried forward and last deduction dates are as follows:

	Carry forward tax losses[1]	Last deduction date
2017	304,791	31 December 2022
Total	**304,791**	

[1] As of 31 December 2018, Ünlü Portföy, had considered its work plan, and calculated that it will not utilize its financial loss in the following years, amounting to TL 304,791. Thus, deferred tax is not recognised on relating accumulated tax losses as of 31 December 2018 (31 December 2017: TL 72,995).

As of 31 December 2018, Plato Finans subsidiary of the Company has TL 5,222,330 accumulated losses. As of 31 December 2018, Plato Finans's tax losses carried forward and last deduction date is as follows:

	Carry forward tax losses [1]	Last deduction date
2014	1,302,254	31 December 2019
2015	1,378,014	31 December 2020
2016	2,419,712	31 December 2021
2017	122,350	31 December 2022
Total	**5,222,330**	

[1] As of 31 December 2018, Plato Finans, had considered its work plan, and calculated that it will not utilize its financial loss in the following years, amounting to TL 5,222,330. Thus, deferred tax is not recognised on relating accumulated tax losses as of 31 December 2018 (31 December 2017: TL 8,765,064).

As of 31 December 2018, DU Finans subsidiary of the Company has TL 2,229,673 accumulated losses. As of 31 December 2018, DU Finans's tax losses carried forward and last deduction date is as follows:

	Carry forward tax losses	Last deduction date
2015	448,391	31 December 2020
2016	507,883	31 December 2021
2017	812,518	31 December 2022
2018	460,881	31 December 2023
Total	**2,229,673**	

[1] As of 31 December 2018, DU Finans, had considered its work plan, and calculated that it will not utilize its financial loss in the following years, amounting to TL 2,229,673. Thus, deferred tax is not recognised on relating accumulated tax losses as of 31 December 2018 (31 December 2017: TL 1,973,047).

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

25 TAX ASSETS AND LIABILITIES (Continued)

Deferred tax that is not recognised in the financial statements (Continued)

As of 31 December 2018, Mena Finance, subsidiary of the Company, has TL 32,221 accumulated losses. As of 31 December 2018, Mena Finance's tax losses carried forward and last deduction dates are as follows:

	Carry forward tax losses[1]	Last deduction date
2016	3,978	31 December 2021
2017	23,526	31 December 2022
2017	4,717	31 December 2023
Total	**32,221**	

(1) As of 31 December 2018, Mena Finance, had considered its work plan, and calculated that it will not utilize its financial loss in the following years, amounting to TL 32,221. Thus, deferred tax is not recognised on relating accumulated tax losses as of 31 December 2018 (31 December 2017: TL27.504).

26 EARNINGS PER SHARE

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

	31 December 2018	31 December 2017
Basic		
1. Profit from continuing operations attributable to owners of the parent	(4,713,436)	19,822,848
2. Weighted average number of ordinary shares in issue	39,496,589	37,811,936
3. Earnings per share (1/2)	**(0.1193)**	**0.5242**
Diluted		
4. Profit from continuing operations attributable to owners of the parent	(4,713,436)	19,822,848
5. General administrative expenses arising from share-based payments	--	1,075,761
6. Profit used to determine diluted earnings per share (4+5)	(4,713,436)	20,898,609
7. Weighted average number of ordinary shares in issue	39,496,589	37,811,936
8. Adjustments for: Share-based payments	--	297,190
9. Weighted average number of ordinary shares in for diluted earnings per share (7+8)	39,496,589	38,109,126
10. Diluted earnings per share (6/9)	**(0.1193)**	**0.5484**

27 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

(i) Information on credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

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

27 FINANCIAL RISK MANAGEMENT (Continued)

(i) Information on credit risk (continued)

	Receivables					
	Trade receivables		Other receivables			
31 December 2018	**Related parties**	**Other parties**	**Related parties**	**Other parties**	**Bank deposits (1)**	**Financial investments (2)**
Maximum credit risk exposure as of the financial statements date (A+B+C+D)	**2,090,032**	**188,309,398**	**313,543**	**45,442,674**	**326,737,103**	**27,985,130**
Maximum credit risk under guaranteed through net collateral, or etc.						
A. Net carrying value of financial assets which are neither impaired nor overdue	2,090,032	188,309,398	313,543	45,442,674	326,737,103	27,985,130
B. Net carrying value of impaired assets collateralized portion of the net exposure	--	--	--	--	--	--
C. Net book value of assets exposed to impairment loss	--	119,300,750	--	--	--	--
- Overdue (gross book value)	--	--	--	--	--	--
- Impairment loss (-)	--	*119,300,750*	--	--	--	--
- The part under guaranteed through net collateral, or etc.	--	--	--	--	--	--
- Not overdue (gross book value)	--	--	--	--	--	--
- Impairment loss (-)	--	--	--	--	--	--
- The part under guaranteed through net collateral, or etc.	--	--	--	--	--	--
D. Off-balance sheet items exposed to credit risk	--	--	--	--	--	--

	Receivables					
	Trade receivables		Trade receivables			
31 December 2017	**Related parties**	**Other parties**	**Related parties**	**Other parties**	**Bank deposits (1)**	**Financial investments (2)**
Maximum credit risk exposure as of the financial statements date (A+B+C+D)	**620,081**	**154,485,106**	**317,516**	**21,028,156**	**207,911,839**	**20,072,154**
Maximum credit risk under guaranteed through net collateral, or etc.						
A. Net carrying value of financial assets which are neither impaired nor overdue	620,081	154,485,106	317,516	21,028,156	207,911,839	20,072,154
B. Net carrying value of impaired assets collateralized portion of the net exposure	--	--	--	--	--	--
C. Net book value of assets exposed to impairment loss	--	120,826,431	--	--	--	--
- Overdue (gross book value)	--	--	--	--	--	--
- Impairment loss (-)	--	*120,826,431*	--	--	--	--
- The part under guaranteed through net collateral, or etc.	--	--	--	--	--	--
- Not overdue (gross book value)	--	--	--	--	--	--
- Impairment loss (-)	--	--	--	--	--	--
- The part under guaranteed through net collateral, or etc.	--	--	--	--	--	--
D. Off-balance sheet items exposed to credit risk	--	--	--	--	--	--

(1) Money market operations receivables, VIOP warrants, receivables from reverse repo contracts and Type B liquid funds are included.

(2) Share certificates are not included.

For the purpose of the table above, collaterals and other guarantees which increase the collectability of the financial asset are not taken into account.

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

27 FINANCIAL RISK MANAGEMENT (Continued)

(ii) Information on liquidity risk

Liquidity risk is the inability of the Group to match the net funding requirements with sufficient liquidity. A decrease in funding sources mainly due to market instability or a decrease in credit risk results in liquidity risk. The Group manages the liquidity risk by maintaining sufficient cash and other liquid assets in order to fund the current and prospective debt requirements.

As at 31 December 2018, the Group have TL 553,011 receivables from derivative instruments (31 December 2017: TL 118,461). The following table presents the cash flows payable by the Group under other financial liabilities according to their remaining contractual maturities as of 31 December 2018 and 31 December 2017:

31 December 2018	Carrying value	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Demand	Total contractual cash outflows
Financial liabilities	242,312,793	94,353,070	23,996,031	35,687,818	75,992,426	--	230,029,345
Trade payables	238,194,584	238,194,584	--	--	--	--	238,194,584
Other payables	12,010,224	1,059,962	--	10,950,262	--	--	12,010,224
Total	**492,517,601**	**333,607,616**	**23,996,031**	**46,638,080**	**75,992,426**	**--**	**480,234,153**
Financial derivative instruments	51,320,330	51,320,330	--	--	--	--	51,320,330
Total	**543,837,931**	**384,927,946**	**23,996,031**	**46,638,080**	**75,992,426**	**--**	**531,554,483**

31 December 2017	Carrying value	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Demand	Total contractual cash outflows
Financial liabilities	216,560,329	67,959,884	19,879,193	66,000,662	75,762,285	--	229,602,024
Trade payables	82,560,178	82,560,178	--	--	--	--	82,560,178
Other payables	7,583,791	669,307	--	6,914,484	--	--	7,583,791
Total	**306,704,298**	**151,189,369**	**19,879,193**	**72,915,146**	**75,762,285**	**--**	**319,745,993**
Financial derivative instruments	11,490,000	11,608,461	--	--	--	--	11,608,461
Total	**318,194,298**	**162,797,830**	**19,879,193**	**72,915,146**	**75,762,285**	**--**	**331,354,454**

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

27 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Information on market risk

Foreign currency risk

Assets and liabilities denominated in foreign currency held by the Group as at 31 December 2018 and 31 December 2017 in original currency and total TL equivalents are as follows:

	31 December 2018				31 December 2017			
	TL equivalent	USD	TL equivalent	USD	TL equivalent	USD	TL equivalent	USD
Cash at banks	218,378,939	29,826,661	10,195,867	476	88,591,210	23,218,366	100,667	110,090
Trade receivables	2,645,474	256,241	206,974	7,482	2,823,065	496,393	204,996	4,933
Other assets	39,862,597	7,577,144	--	--	19,651,165	5,209,885	--	--
Total assets	**260,887,010**	**37,660,046**	**10,402,841**	**7,958**	**111,065,440**	**28,924,644**	**305,663**	**115,023**
Trade payables	186,660,244	23,957,370	9,893,451	148,087	55,853,851	14,378,907	169,725	167,639
Financial liabilities	50,555,837	9,597,536	--	9,644	63,739,061	16,898,396	--	--
Total liabilities	**237,216,081**	**33,554,906**	**9,893,451**	**157,731**	**119,592,912**	**31,277,303**	**169,725**	**167,639**
Receivables from financial derivative instruments	--	--	--	--	--	--	--	--
Payables from financial derivative instruments	51,320,330	1,053,198	7,594,486	--	11,608,461	3,077,616	--	--
Off-balance sheet derivative instruments’ net asset/(liability) position	**(51,320,330)**	**(1,053,198)**	**(7,594,486)**	**--**	**(11,608,461)**	**(3,077,616)**	**--**	**--**
Net foreign currency asset/(liability) position	**(27,649,401)**	**3,051,942**	**(7,085,096)**	**(149,773)**	**(20,135,933)**	**(5,430,275)**	**135,938**	**(52,616)**

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

27 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Information on market risk (Continued)

Foreign currency risk (Continued)

Foreign currency sensitivity analysis

	Profit/loss		Shareholders' equity	
31 December 2018	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
10% change in USD foreign currency rate				
1. USD net asset/(liability)	1,605,596	(1,605,596)	1,605,596	(1,605,596)
2. Hedged portion against USD risk (-)				
3. Net effect of USD (1+2)	**1,605,596**	**(1,605,596)**	**1,605,596**	**(1,605,596)**
10% change in EUR foreign currency rate				
4. EUR net asset/(liability)	(4,270,896)	4,270,896	(4,270,896)	4,270,896
5. Hedged portion against EUR risk (-)				
6. Net effect of EUR (4+5)	**(4,270,896)**	**4,270,896**	**(4,270,896)**	**4,270,896**
10% change in GBP foreign currency rate				
7- GBP net asset/(liability)	(99,641)	99,641	(99,641)	99,641
8- Hedged portion against GBP risk (-)				
9- Net effect of GBP (7+8)	**(99,641)**	**99,641**	**(99,641)**	**99,641**
TOTAL (3+6+9)	**(2,764,941)**	**2,764,941**	**(2,764,941)**	**2,764,941**

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

27 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Information on market risk (Continued)

Foreign currency risk (Continued)

Foreign currency sensitivity analysis (Continued)

	Profit/loss		Shareholders' equity	
31 December 2017	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
10% change in USD foreign currency rate				
1. USD net asset/(liability)	(2,048,246)	2,048,246	(2,048,246)	2,048,246
2. Hedged portion against USD risk (-)				
3. Net effect of USD (1+2)	**(2,048,246)**	**2,048,246**	**(2,048,246)**	**2,048,246**
10% change in EUR foreign currency rate				
4. EUR net asset/(liability)	61,383	(61,383)	61,383	(61,383)
5. Hedged portion against EUR risk (-)				
6. Net effect of EUR (4+5)	**61,383**	**(61,383)**	**61,383**	**(61,383)**
10% change in GBP foreign currency rate				
7- GBP net asset/(liability)	(26,731)	26,731	(26,731)	26,731
8- Hedged portion against GBP risk (-)				
9- Net effect of GBP (7+8)	**(26,731)**	**26,731**	**(26,731)**	**26,731**
TOTAL (3+6+9)	**(2,013,594)**	**2,013,594**	**(2,013,594)**	**2,013,594**

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

27 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Information on market risk (Continued)

Interest rate risk

According to the daily market conditions, the Group invests its cash as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, reverse repurchase agreements, or bank deposits.

Interest rate profile

	31 December 2018	31 December 2017
Fixed rate financial instruments		
Financial assets		
Financial assets at fair value through profit or loss		
Investment securities held for trading	14,337,502	406,276
Time deposits and receivables from reverse repurchase agreements	296,312,680	172,296,916
Financial liabilities		
Financial liabilities	142,758,606	141,019,514
Payables to Money Markets	22,313,274	100,907
Floating rate financial instruments		
Financial assets		
Financial assets at fair value through profit or loss		
Private sector bonds	7,865,136	10,042,213
Financial assets at fair value through other comprehensive income		
Private sector bonds	--	111,000
Financial liabilities		
Financial liabilities	50,491,676	44,879,561
Structured debt instruments	10,872,966	30,560,347

The profit before tax of the Group from the financial asset valuation will decrease by TL 446,247 (31 December 2017: TL 652,867) and increase by TL 446,247 (31 December 2017: TL 652,867) in the case of 100 basis point decrease/increase in TL market interest rates with all other factors remaining constant as of 31 December 2018.

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

27 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Information on market risk (Continued)

Price risk

As at 31 December 2018, there is no common stocks in Group's portfolio, measured at fair value through profit or loss (31 December 2017: None).

(iv) Capital management

The Group manages the capital with decreasing investment risk to the lowest level with portfolio diversification. The Group's main objective is to add value to each partner and trying to increase and protect the value of the portfolio. In order to provide this value-added, the Company invests in high-yield securities and other financial instruments, monitors financial markets and institutions, developments related to the partnership and takes the necessary measures related to portfolio management.

28 DERIVATIVE INSTRUMENTS

As of 31 December 2018 and 31 December 2017 details of derivative instruments are follows:

	31 December 2018		**31 December 2017**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Swap operations	553,011	--	118,461	--
Total	**553,011**	**--**	**118,461**	**--**

29 FINANCIAL INSTRUMENTS

Fair value of the financial instruments

Despite of the obligatory sale and the close-out, the fair value describes the amount of the financial instrument for its purchase and sell, to the consent process of related sides. Under this circumstance, the quoted market price reflects the fair value, most appropriately.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

Despite of the financial lease receivables and borrowings, the fair values of short-term assets and liabilities have been estimated close to their book values since the impact of the discount is irrelevant for the fair value.

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

29 FINANCIAL INSTRUMENTS (Continued)

Fair value of the financial instruments (Continued)

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

	31 December 2018		31 December 2017	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets				
Banks	316,915,266	316,915,266	205,877,360	205,877,360
Trade receivables	190,399,430	190,399,430	155,105,187	155,105,187
Financial investments	32,934,003	32,934,003	23,833,261	23,833,261
Other receivables	45,881,541	45,881,541	21,428,529	21,428,529
Financial liabilities				
Financial liabilities	226,436,522	226,436,522	216,560,329	216,560,329

Fair value hierarchy

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

- First level: Financial assets and liabilities are valued at the stock exchange price in an active market for exactly the same assets and liabilities.
- Second level: Financial assets and liabilities are valued with the inputs used to determine a directly or indirectly observable price other than the stock market price of the relevant asset or liability mentioned in Level 1.
- Third level: Financial assets and liabilities are valued with inputs that cannot be based on data observable in the market and used to determine the fair value of the asset or liability.

31 December 2018	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	27,943,051	42,079	--	27,985,130
Financial assets at fair value through other comprehensive income (1)	--	2,651,763	--	2,651,763
Derivative instruments	--	553,011	--	553,011

31 December 2017	Level 1	Level 2	Level 3	Total
Financial assets held for trading	18,784,566	1,176,588	--	19,961,154
Available-for-sale financial assets (1)	--	1,517,254	111,000	1,628,254
Derivative instruments	--	118,461	--	118,461

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

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

30 DISCLOSURES OF INTERESTS IN OTHER ENTITIES

	Non-controlling interest share percentage	Non-controlling interest share profit/(loss)	Accumulated non-controlling interests	Unpaid capital by non-controlling interests	Dividend paid ton on controlling interests
31 December 2018					
Mena Finans	25.00%	(1,180)	19,921	--	--
Plato Finans	5.19%	41,785	(101,036)	--	--
Total		**40,605**	**(81,115)**	--	--
31 December 2017					
Mena Finans	25.00%	(5,882)	21,100	--	--
Plato Finans	5.19%	(26,439)	(142,820)	--	--
Total		**(32,321)**	**(121,720)**	--	--

Plato Finans subsidiary of the Company, generates almost all the non-controlling part of the Group. Plate Finans's condensed financial information given as follows.

	31 December 2018	31 December 2017
Plato Finans information of condensed balance sheet		
Current assets	328,105	383,066
Non-current assets	1,367,789	1,083,273
Total assets	**1,695,894**	**1,466,339**
Short-term financial liabilities	422,125	1,501,574
Other short-term liabilities	3,157,795	2,555,308
Other long-term liabilities	61,284	159,277
Total liabilities	**3,641,204**	**4,216,159**
Paid in capital	7,000,000	7,000,000
Accumulated losses	(8,705,940)	(9,558,091)
Other comprehensive income	(239,370)	(191,728)
Net assets	**(1,945,310)**	**(2,749,819)**

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

30 DISCLOSURES OF INTERESTS IN OTHER ENTITIES (Continued)

	1 January – 31 December 2018	1 January – 31 December 2017
Plato Finans information of condensed income statement		
Sales	5,152,034	10,579,434
Net loss for the period	852,151	(517,322)
Other comprehensive income	(47,642)	8,267
Total Comprehensive Income Distribution		
Non-controlling interest	41,785	(26,439)
Equity holders of the parent	762,724	(482,616)
Plato Finans information of condensed cash flow statement		
Cash flow used in by operating activities	1,749,039	(526,399)
Cash flows provided by investment activities	(677,250)	(135,163)
Cash flows provided/(used) by financing activities	(1,079,449)	666,378
Net increase/(decrease) in cash and cash equivalents	(7,660)	4,816
Cash and cash equivalents at the beginning of the period	15,029	10,213
Cash and cash equivalents at the end of the period	7,369	15,029

Information above represented amounts before inter-company eliminations.

Plato Finans's above mentioned consolidated summary balance sheet was prepared considering that the continuity of the company was clear. Plato Finans's capital increased to TL 3,000,000 (in full) from TL 2,000,000 (in full) with the company's TL 725,850 (in full) contribution on 2 July 2015. The Extraordinary General Assembly held a meeting on 25 December 2015 because Plato Finans's capital and two-thirds of its total legal reserves were non-reciprocal because of the loss on last year's balance sheet as per Turkish Commercial Code Article 376. As per the decision made in the meeting, Plato Finans's capital was increased to TL 7,000,000 (in full) from TL 3,000,000 (in full) with Istanbul Varlık's contribution of TL 2,903,400 (in full) on 28 December 2015.

It is estimated that the subsidiary will continue its business plan and activities within the normal workflow. The realization of this business plan depends heavily on collection anticipations and planned new service contracts. İstanbul Varlık Yönetim A.Ş. paid the capital on 27 December 2017, amounting to TL 720,000 which it committed to Plato Finans and was in the unpaid capital item Tahir Selçuk Tuncalı paid the capital on 8 December 2017, amounting to TL 102,000, which he committed and was in the unpaid capital item.

31 SUBSEQUENT EVENTS

With the decision of the Board of Directors dated 11 April 2019, the paid-in capital of the Ünlü Menkul Değerler A.Ş. will be increased from TL 10,000,000 to TL 15,000,000. The Capital Markets Board approved Ünlü Menkul Değerler A.Ş.'s application for capital increase on 22 April 2019.

Ünlü Menkul Değerler A.Ş. which is the direct subsidiary of the Company increased the capital of its subsidiary Ünlü Securities Inc., located in New York, USA, by USD 100,000 to USD 1,460,000 dated on 18 April 2019.

Ünlü Menkul Değerler A.Ş. which is the direct subsidiary of the Company increased the capital of its subsidiary Ünlü Securities UK Ltd., located in London, UK, by GBP 230,000 to GBP 380,000 dated on 19 February 2019 and 5 March 2019.