

# The Art of Investment Banking

## traces...

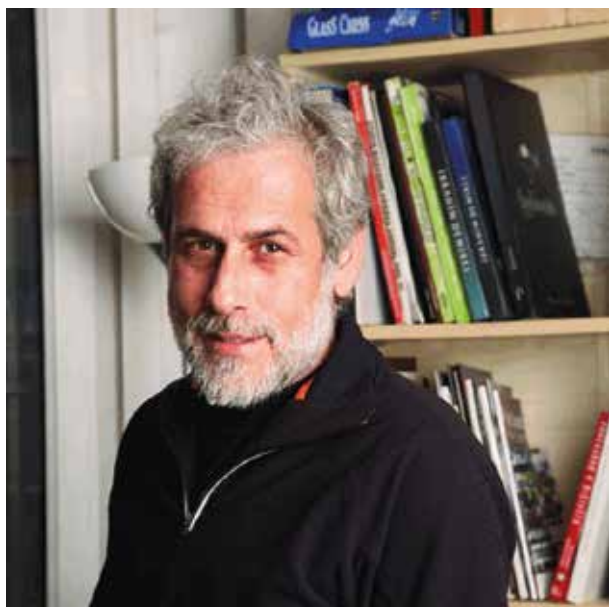
*As Turkey's leading investment banking services and asset management group, we are following traces to success. Our pioneer innovations, ambitious firsts and groundbreaking achievements open the path towards a productive future...*

## and moments...

*Investment is a serious business, where the main goal is seizing opportunities at the right time. "The moment when a window of opportunity opens" is the turning point to shape your investment and thus the future.*

*For us, generating investment products and services is an art. We put forth a special concept and talent, similar to an artist's accuracy, originality and desire to produce.*

*As such, our annual report for 2017 is accompanied with Suat Akdemir's works from his exhibition titled "İz'An", shaped by his unique brush strokes.*



## Suat Akdemir

*Born in Istanbul in 1960. After studying in a formal training program for two years at Mimar Sinan Fine Arts University, Özdemir Altan and Adnan Çoker studios, he continued his works as an assistant in art studios.*

*Akdemir combines densely textured surfaces on a single surface using sometimes burnt, sometimes worn or torn spaces, incorporates the traces of time into the working process itself, and makes sculptural paintings on the canvases he leaves in the nature. After editing his canvases with acrylic paint as well as a wide range of natural materials (traces of nature, pigments, rust, metal dust, coal burns), Akdemir scatters his depiction by cutting or burning it, and sometimes he re-edits his work adding it onto other canvases. The artist, known for his contemporary works reflecting abstract expressionism, has also participated in Scope Miami 2007 and Scope Basel 2008 expos. He continues to live and work in Istanbul and Bodrum.*



# İz'An (Comprehension)

## trace (noun) Turkish iz

1. noun A mark, sign, object, or other indication of the existence or passing of something

**“Eventually, I saw who left the traces in the corner.” - S. F. Abasıyanık**

2. A mark left behind because of a touch

**“There were traces of teeth and**

**fingernails on his face.” -**

**Y. K. Karaosmanoğlu**

3. A hint, a clue, or a sign resulting from an event or a situation

**“The traces of fingerprints.”**

4. An indication, a track that is left from an event, a situation or an existence

**“There are no traces left from the civilization of that era.”**

5. math The intersection of a plane with another plane or a line

## moment noun (a: nı) Turkish an Arabic ān

1. noun A brief, indivisible period of time, instant, minute

**“Because each moment of the lives of the nomads requires them to help each other.” - C. Meriç**

2. noun The border between two fields

3. noun Mind

**“The blurriness of the mind. The fatigue of the mind.”**

## İz'An (Comprehension) noun (iza: nı) ancient Arabic iz ān Turkish iz'an

1. noun The ability to understand something

# 2017

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*The investment universe is a special field. Special strokes and details make the difference.*

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*Suat Akdemir - Acrylic on canvas without lining, 2017 - 160x155cm*

# Corporate Profile

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*ÜNLÜ & Co is Turkey's leading investment banking services and asset management group.*

## **TURKEY'S LEADING INVESTMENT BANKING SERVICES AND ASSET MANAGEMENT GROUP**

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

With over 350 employees, ÜNLÜ & Co provides world-class services to a large client portfolio consisting of institutional and selective individual investors. The Company is a full-fledged investment bank that delivers a wide range of services and products in Turkey. It is committed to seeking the best interests of its clients and providing the highest level of client satisfaction.

## **A BUSINESS MODEL TRANSFORMING INFORMATION INTO VALUE**

ÜNLÜ & Co has acquired global know-how in investment banking via the long-term business partnerships and strategic alliances it has established with institutional investors around the world.

The Company expands its global reach through its representations and subsidiaries with local presence



### **HIGH EXPERIENCE**

Trustworthy  
Business  
Partnership



**350+**  
Employees

in the finance capitals of the world. ÜNLÜ & Co works tirelessly to expand its knowledge of the international investor profile and to evolve with changing investment trends.

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

## **A SERVICE APPROACH THAT SETS TRENDS IN THE SECTOR**

ÜNLÜ & Co has achieved success for 22 years in advisory services in areas that include mergers and acquisitions, public offerings, and privatizations. The Company has also forged strong partnerships between its corporate client base and global funding sources. As a result, ÜNLÜ & Co has earned a well-deserved reputation not only domestically but also internationally.

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

*Since 1996...*

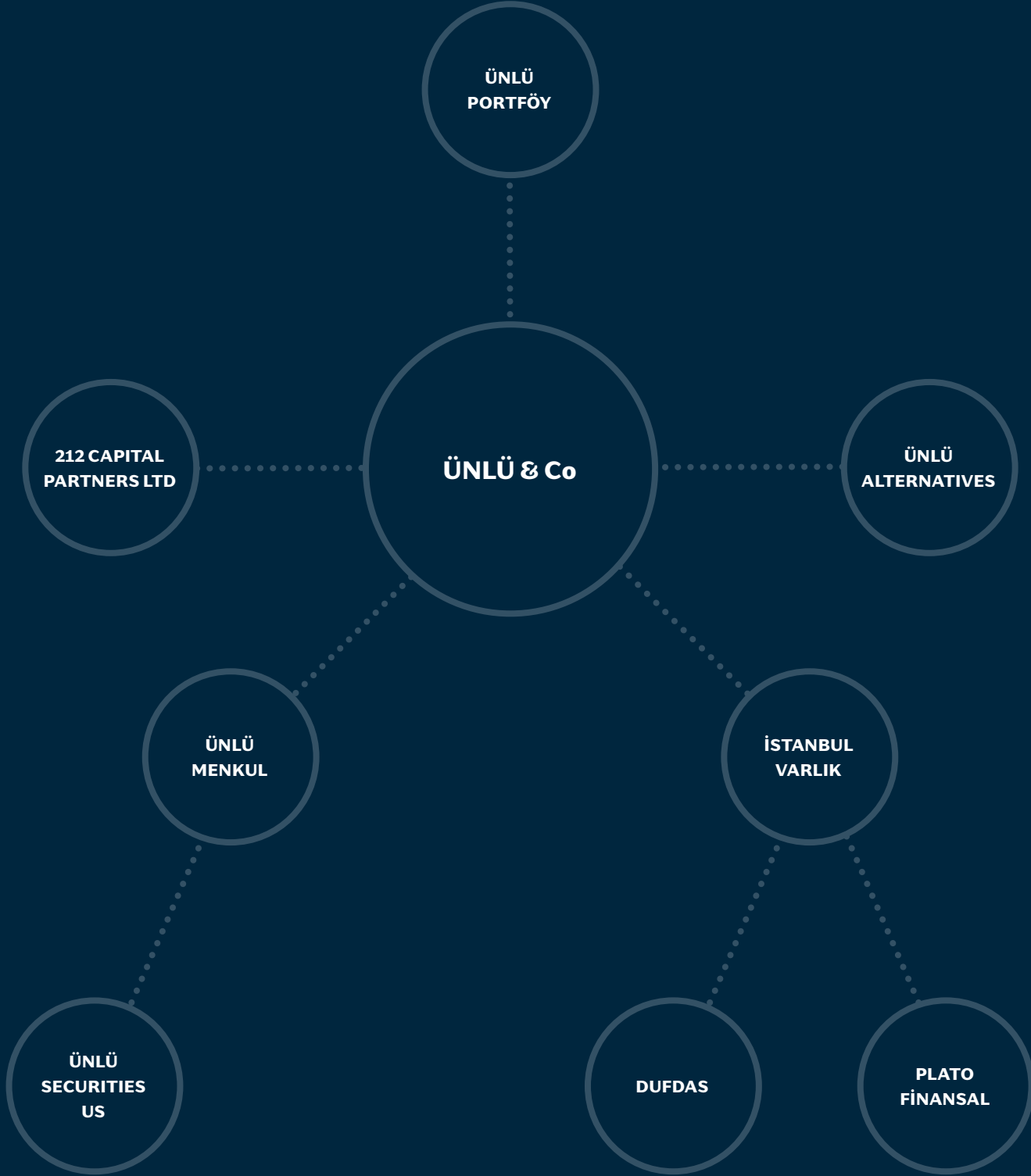
**Suat Akdemir**

*Acrylic on canvas without lining, 2017*

*175x170cm*



## GROUP COMPANIES



*robust corporate culture...*



## The Art of Investment Banking

### A CORPORATE CULTURE THAT GUARANTEES SUSTAINABLE SUCCESS

The core components of ÜNLÜ & Co's 22-year corporate success include: focus, entrepreneurship innovation, integrity, local, group synergy, determination, teamwork, expertise and commitment. In every aspect of the service cycle, commitment to the components of success is shared by ÜNLÜ & Co's leaders and employees. These components are transformed into a strong corporate culture and viewed as the key to achieving sustainable growth and success.

### A SUCCESS-ORIENTED TEAM THAT UPHOLDS CORPORATE AND ETHICAL VALUES IN SERVICES

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

### INNOVATIVE PRODUCTS AND SERVICES WITH A CUSTOMER-FOCUSED APPROACH

Throughout its 22-year history as an independent advisory firm, ÜNLÜ & Co has ensured its clients' success with the unique and customized financial solutions it develops to meet their needs. While creating high value add for its client base with tailor-made investment advice and financial products, it also plays an important role in deepening Turkey's capital markets.

### A VISION NOT LIMITED TO DOMESTIC SUCCESS

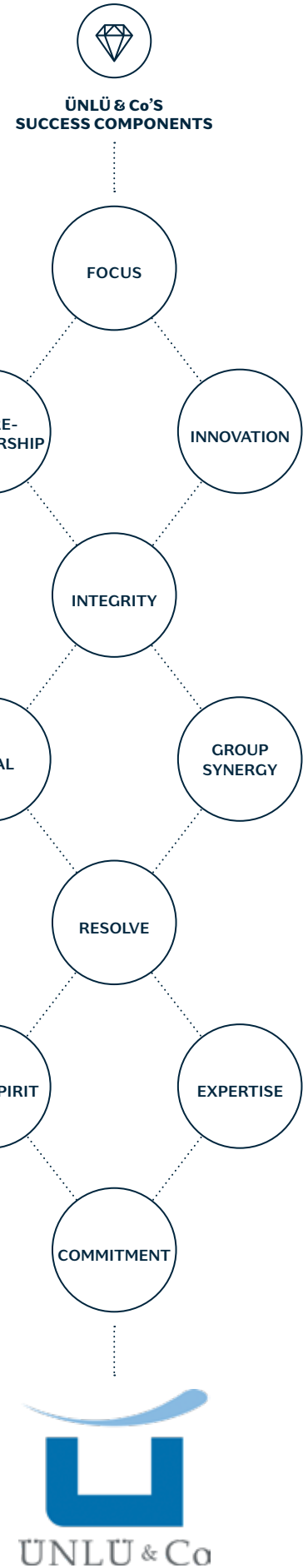
In line with its goal of becoming the largest investment banking services and asset management group in the region, ÜNLÜ & Co continues its leadership in the Turkish market, while taking concrete steps to extend its presence and offerings abroad.

*The core components of ÜNLÜ & Co's 22-year corporate success include: client dedication, entrepreneurship, innovation, integrity, locality, group synergy, determination, teamwork, expertise and commitment.*



**TL 520.1 MILLION**

Total Assets





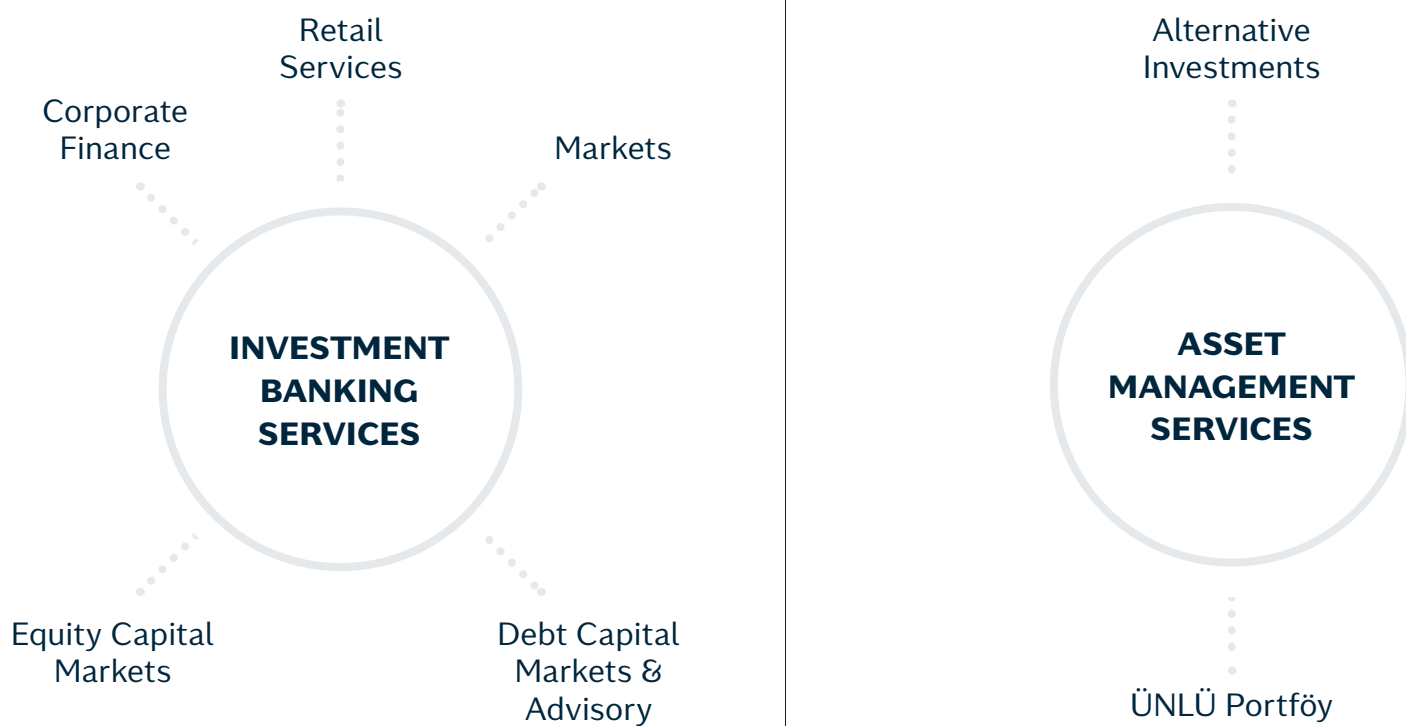


**Suat Akdemir**  
*Acrylic on canvas*  
*without lining, 2017*  
*165x160cm*

# Products, Services and Solutions

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*ÜNLÜ & Co is dedicated to carrying customer satisfaction to the highest level with its service and product diversity.*



*22 years of experience...*

<b>INVESTMENT BANKING SERVICES</b>	<b>ASSET MANAGEMENT SERVICES</b>
<p><b>CORPORATE FINANCE</b>            Corporate M&amp;A            Privatization            Financial Restructuring</p> <hr/> <p><b>EQUITY CAPITAL MARKETS</b>            Initial and Secondary Public Offerings            Capital Increases</p> <hr/> <p><b>DEBT CAPITAL MARKETS &amp; ADVISORY</b>  <u>Debt Capital Markets</u>            Foreign and Local Currency Bond Issuance            Intermediation in Syndicated Facilities            CLN, Eurobond, Convertible Bonds Issuance  <u>Financial Advisory</u>            Corporate Acquisitions and Project Finance            Structured Trade Instruments</p> <hr/> <p><b>MARKETS</b>  <u>Institutional Sales and Equities</u>            Brokerage in Equities            Institutional Sales            Research            Block Sales  <u>Derivative Products</u>            Futures Trading on Borsa Istanbul Futures and            Options Market OTC Options            Market Maker            Liquidity Providing</p> <hr/> <p><b>RETAIL SERVICES &amp; BROKERAGE SERVICES</b>  <u>DAHA Investment Advisory</u>            Investment Advisory            Sales and Brokerage for Retail Customers            Online Trading &amp; Mobile Solutions            Brokerage for Professional Investors            Leveraged Platforms: FX and CFDs            International Capital Markets: ICM Platform            Retail Portfolio Management            Personal Financial Planning</p>	<p><b>ALTERNATIVE INVESTMENTS</b>  <u>Non-Performing Loans (“NPL”)</u>            Portfolio Investments            Single Case Restructuring            Management of NPL’s  <u>ÜNLÜ Alternative Assets</u>            ÜNLÜ Private Equity            ÜNLÜ LT Investments  <u>212 Capital Partners – Technology Fund</u>            Internet, Mobile            E-commerce Early-stage Funds</p> <hr/> <p><b>ÜNLÜ PORTFÖY</b>            Fixed Income Portfolio and Managed Accounts            Mutual Funds                Variable Funds                Hedge Funds            Real Estate Investment Funds</p>

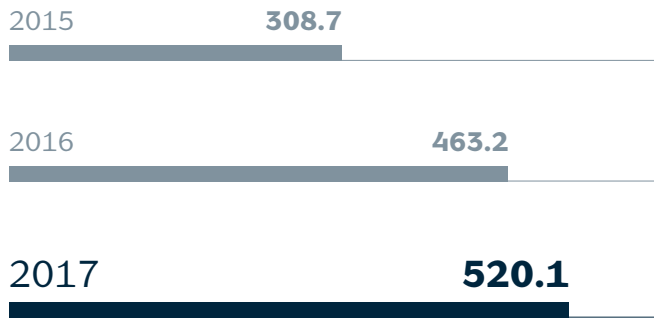
# Key Financial Indicators

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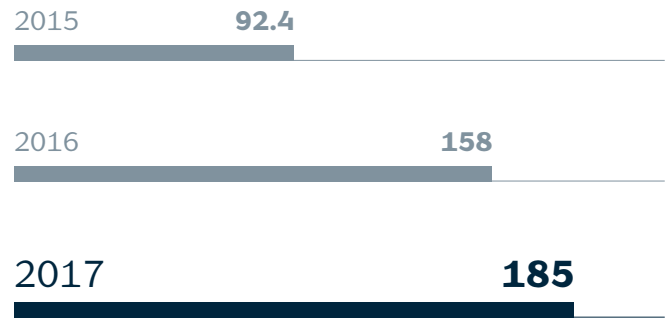
ÜNLÜ & Co

*continues its leadership in the  
Turkish market with determination.*

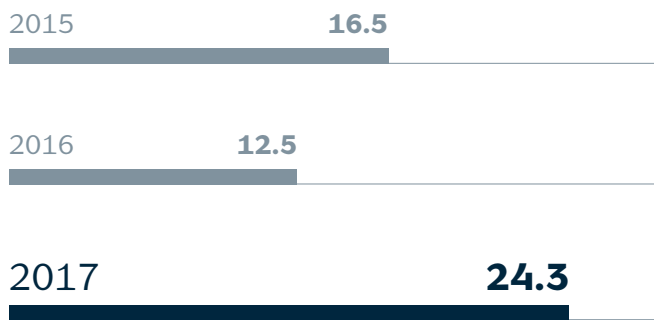
## Total Assets TL Million



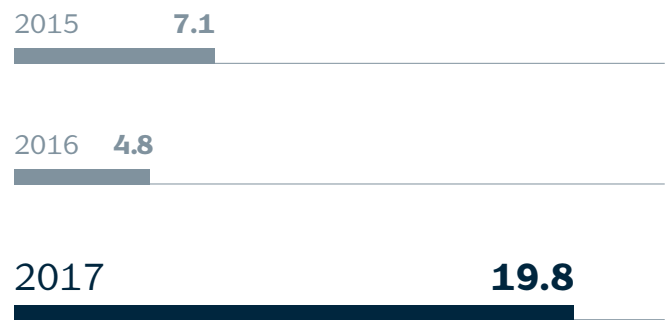
## Shareholder's Equity TL Million



## Total Comprehensive Income TL Million



## Net Profit TL Million



*high performance...*

**Suat Akdemir**  
*Acrylic on canvas, 2017*  
165x160cm



**12.3%**

Total Asset Growth of ÜNLÜ & Co in 2017

**15.96%**

Shareholder's Equity Growth Rate of ÜNLÜ & Co in 2017

**USD 245**

**MILLION**  
Total Fund Size of ÜNLÜ Alternative in 2017

**ÜNLÜ & Co's Capital Structure**

Mahmut L. Ünlü  
**84.30%**

Employees  
**1.49%**



The Welcome Trust Ltd.  
**9.80%**

Standard Bank Group Ltd.  
**4.41%**

**ÜNLÜ & Co's Leadership Positions**

Number of Transactions in Mergers and Acquisitions\*

Competitor 4 **22**

Competitor 3 **25**

Competitor 2 **34**

Competitor 1 **37**

**ÜNLÜ & Co 48**

\*Operations between 2005-2017



TL **222.6**

**MILLION**

Total Assets of  
ÜNLÜ Menkul in 2017

TL **243**

**MILLION**

Total Fund Size of  
ÜNLÜ Portföy in 2017

TL **153.02**

**MILLION**

Total Assets of  
İSTANBUL Varlık

### Equity Capital Markets

ÜNLÜ & Co

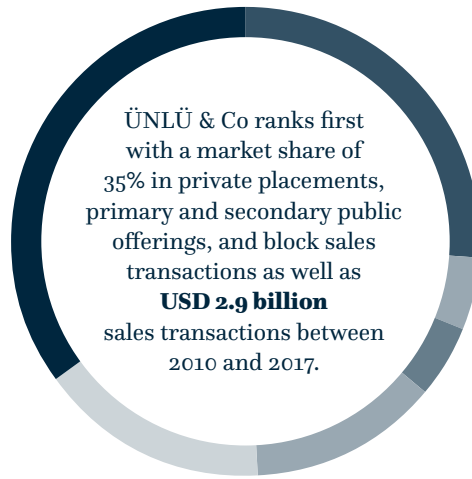
**35%**

Competitor 1

**16%**

Competitor 2

**13%**



Competitor 3

**5%**

Competitor 4

**5%**

Others

**26%**

### Awards Received

Euromoney – 2016

**“Turkey’s Best Investment Bank”**

MergerMarket – 2015

**“Turkey’s Best Financial Advisor of the Year”**

Euromoney – 2015

**“Best M&A House”**

ACQ5 Magazine Awards– 2016

**“Investment Bank of the Year”**

Deal Makers Global Awards - 2015

**“Best Debt Financing Advisor of the Year”**

AI International Finance Awards – 2015

**“Independent Financial Advisor of the Year and Best MENA Expert”**

**“Investment Bank of the Year”**

Business Worldwide M&A Awards – 2015

**“Best Independent M&A Advisory Company”**  
**“Investment Bank of the Year”**

## **Our Vision**

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

## **Our Mission**

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

**Suat Akdemir**

*Acrylic on canvas without lining, 2017*

*165x160cm*





**Suat Akdemir**  
*Acrylic on canvas without lining, 2017*  
165x160cm

## Our Strategy

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

# Our Values

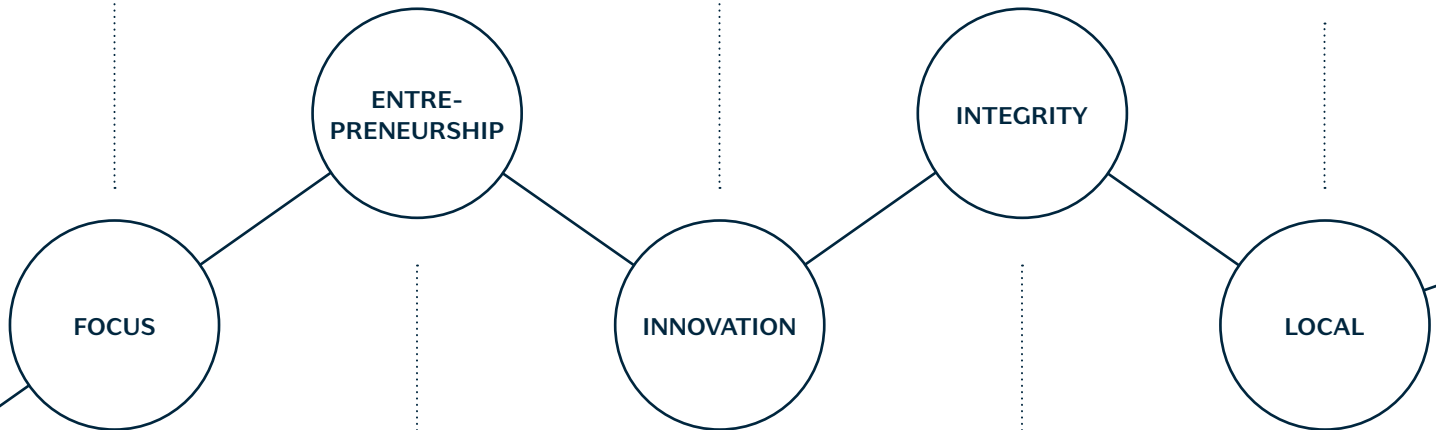
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*ÜNLÜ & Co continues its operations,  
powered by its success components.*

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

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

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

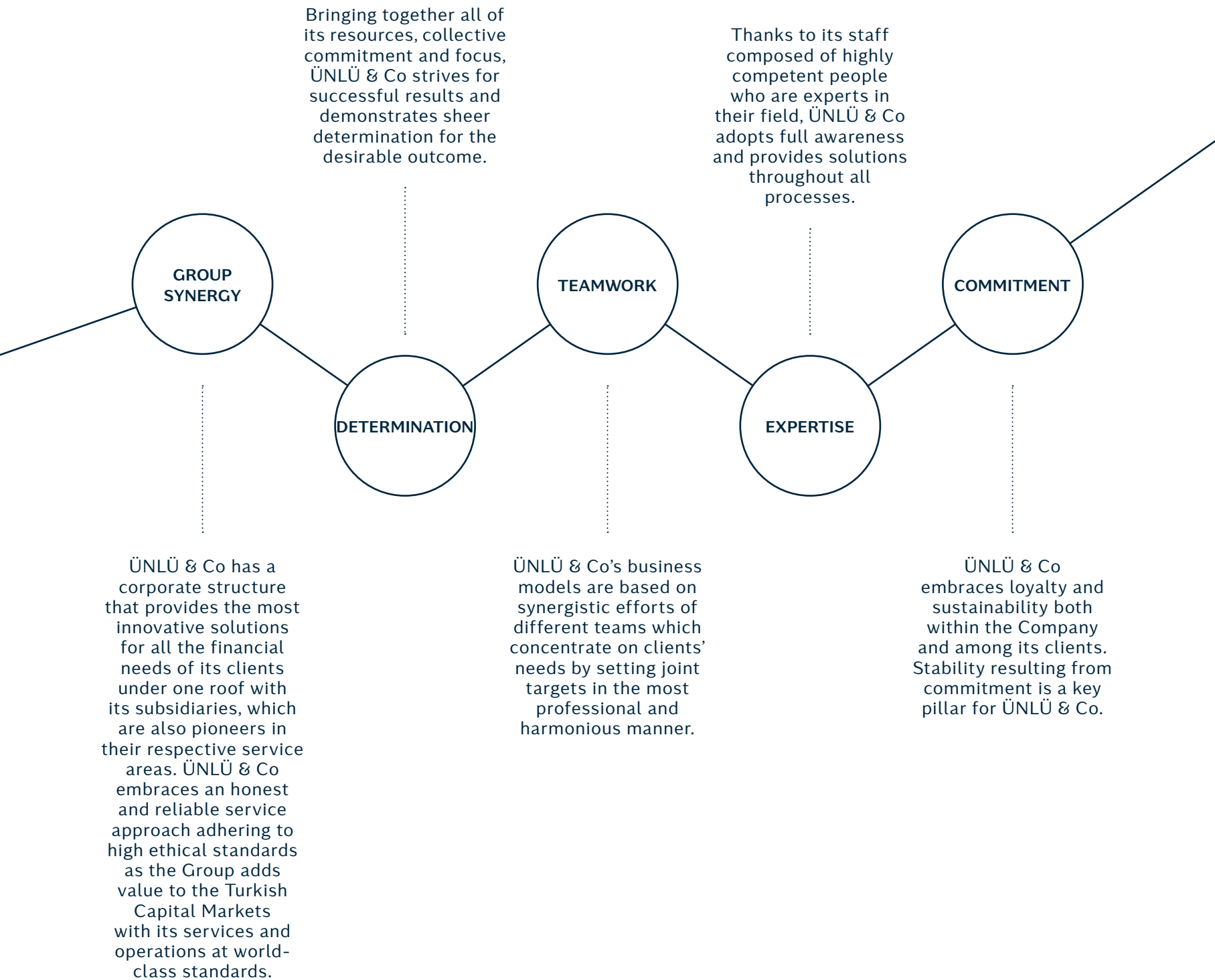


All of the value added solutions ÜNLÜ & Co offers its clients are derived from the Company’s entrepreneurial spirit.

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

*a structure strengthened by its principles...*

## The Art of Investment Banking



**Suat Akdemir**  
*Acrylic on canvas without lining, 2017*  
165x160cm







# Milestones

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## ÜNLÜ & Co's journey to success...

### 1996

Dundas Ünlü commences operations as a small and exclusive mergers & acquisitions advisory firm.

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

### 2002

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

### 2003

Dundas Ünlü begins providing asset management services and sets up an in-house non-performing loan unit.

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

### 2005

The product and service lineup continues to expand with new additions.

A milestone was reached when Dundas Ünlü teamed up with the US-based investment bank Lehman Brothers.

Another important step in the direction of becoming more institutional was taken when Tahincioğlu Holding acquired a stake in the Company.

By setting up an institutional sales unit, Dundas Ünlü began providing clients with equity sales and capital market services. This unit's successful performance positioned Dundas Ünlü as the leader among the top brokers servicing international institutional clients in Turkey.

### 2006/2007

The Company expands into the alternative investments business line with the launch of the SU Private Equity Fund. It also enters into a strategic partnership with South-Africa based Standard Bank.

SU Private Equity, one of Turkey's largest private equity funds, was set up in 2006. The same year saw the establishment of DUFDAŞ, an adjunct to the Company's NPL unit and a ground-breaking service provider in the corporate collections business line.

In 2007, the Company underwrote the first private-sector corporate bond issue that had been initiated in Turkey in nearly a decade.

The same year, South Africa-based Standard Bank became a shareholder in the Company by acquiring the majority of shares previously belonging to Alasdair Dundas and Tahincioğlu Holding.

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

### 2009

Standart Varlık and PLATO Finansal Danışmanlık Servisleri A.Ş. are set up.

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

### 2011

212, an e-commerce fund is set up to invest in technology start-ups.

Standard Varlık, founded in 2009, was acquired by the Group and renamed İSTANBUL Varlık.

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

### 2012/2013

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

In 2012 ÜNLÜ & Co (ÜNLÜ Finansal Yatırımlar A.Ş.) acquired a 67% stake in Standard Ünlü. With this change in its majority shareholder, the company also underwent restructuring.

Later the same year, MENA Finans was set up and began serving investors in the Middle East and North Africa in keeping with the Group's regional expansion plans.

Following its acquisition by the Group, İSTANBUL Varlık, formerly Standard Varlık, achieved a 40% growth rate in its assets in two years by improving relationships with banks.

### 2014

While successfully defending its leading position in the Turkish market, ÜNLÜ & Co ventures into the business line of regional investment banking.

During this period, ÜNLÜ & Co rose to the top of Turkey's M&A league table with USD 3.7 billion worth of such deals, also intermediated the largest foreign company acquisition ever in Turkey.

In the area of debt capital markets and advisory, ÜNLÜ & Co underwrote the country's biggest private-sector corporate bond issue, totaling TL 805 million and a 24% market share. ÜNLÜ & Co's performance in 2014 elevated it to first place among Turkey's brokerage houses.

An ÜNLÜ long-term investment fund was set up in order to invest in an array of asset classes.

ÜNLÜ Portföy's 474.8% rate of year-on growth made it the fastest-growing portfolio management company in Turkey in 2014.

The same year, the Group's Singapore office commenced operations while significant progress was also made in the direction of its regional expansion and ventures in the Middle East.

### 2015

With the initiation of efforts to enter the Iranian market, the Group took its first step to become the region's biggest investment banking services and asset management group.

The Group's business partnership with Standard Bank was also restructured.

Having identified the Iranian market as the best candidate for kick-starting the Group's regional expansion, several initiatives have been taken to enter the market.

The brand name ÜNLÜ Finansal Yatırımlar A.Ş., which unites the Group companies under one roof, was revised to ÜNLÜ Yatırım Holding A.Ş. (ÜNLÜ & Co).

ÜNLÜ & Co established Private Brokerage and Financial Advisory Department to provide top quality Capital Markets products and services to qualified individual investors, thus extending its service area.

### 2016

The UK-based foundation Welcome Trust partnered with ÜNLÜ & Co by acquiring a 9.9% stake, thus strengthening ÜNLÜ & Co's capital structure.

ÜNLÜ Securities Inc. New York was established after obtaining a license for brokerage activities. ÜNLÜ Securities Inc. started its investment banking activities as the only Turkish finance group operating in the US.

The Regional Opportunities Fund was established to invest in capital markets in Iran.

The product range continued to expand with newly established funds and the issuance of structured debt instruments.

### 2017

ÜNLÜ & Co has started to utilize its experience and know-how with corporate clients to serve the qualified individual investors via "DAHA".

Over the UTrade online platforms specially designed for DAHA Investment Advisory and Brokerage Services, investors now have the opportunity to perform transactions in domestic and foreign capital markets in a reliable, swift and practical fashion.

ÜNLÜ THE CLUB YouTube channel is now on air, complete with next generation products for individual investors, the latest sector analyses, finance agenda, and self-development opportunities for women entrepreneurs.

ÜNLÜ & Co provided advisory services to mergers and acquisitions with a total nominal value of USD 1.7 billion.

ÜNLÜ & Co's affiliate ÜNLÜ Portföy First Real Estate Investment Fund invested a total of TL 45 million in the Nidapark Küçükyalı project, created by Tahincioğlu under the guarantee of Emlak Konut REIT.

*ÜNLÜ & Co has launched the "DAHA" platform in order to use its investment banking experience and know-how to serve qualified individual investors as well.*

# 2017 at a Glance

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*ÜNLÜ & Co contributes to the development of the market with the bond issues it underwrites.*

## ÜNLÜ & Co LAUNCHED DAHA

### A very special service: DAHA

Turkey's leading investment banking services and asset management group ÜNLÜ & Co has launched the "DAHA" platform in order to use its investment banking experience and know-how to serve to qualified individual investors as well.

With its professional workforce and superior service perspective, ÜNLÜ & Co has been providing innovative corporate finance, global markets, debt financing and advisory, and equity markets analyses at world standards, suited to customers' needs. Considering its investors needs in the field of investment banking as a whole, ÜNLÜ & Co launched DAHA Investment Advisory and Brokerage Services department to offer financial advisory and financial brokerage services to individual investors. DAHA offers all products of the capital markets, Structured Debt Instruments (SDI) and Mutual Funds in particular, with "a financial boutique" approach, and aims to provide customized products and services to increase the value of its customers' assets.

Over user-friendly UTrade online platforms, investors can easily make their transactions via personal computers or smartphones to the Borsa Istanbul Equity Market (Stocks) and Derivatives Market (VIOP), carry out cash and collateral transactions, and manage their investments by keeping track of their portfolios and market data real time.



### **DAHA**

Boutique solutions for individual investors



### **TL 150 MILLION**

Çalık Enerji Bond Issuance

## ÜNLÜ & Co ASSISTS INVESTORS ON THE SOCIAL MEDIA AS WELL...

### Converting time into earnings: ÜNLÜ THE CLUB

ÜNLÜ & Co creates a difference with tailor-made boutique solutions for individual investors with DAHA, and has also the YouTube channel ÜNLÜ THE CLUB which offers the latter new generation products, the most up-to-date sector analyses, finance agenda, and self-development opportunities for women entrepreneurs.

In 2017, 64 videos were broadcast on the channel ÜNLÜ THE CLUB, where ÜNLÜ & Co professionals and expert guests shared informative, supportive and educational videos on financial markets.

## **SUCCESSFULLY COMPLETED ÇALIK ENERJİ'S BOND ISSUANCE.**

### Leader in bond issuance

Çalık Energy's two-year USD 150 million private sector bond issuance was successfully completed by Turkey's leading investment banking and asset management services group ÜNLÜ & Co. This was Çalık Enerji's second bond issue. The bond features interest payments every 3 months, and its initial annual return is 16.14%.

ÜNLÜ & Co contributed to the further development of the markets with the issues it underwrote, thereby reinforcing its leading position among brokerage houses.

*a year of success...*

**Suat Akdemir**

*Acrylic on canvas, 2016*

*170x165 cm*





***Suat Akdemir***  
*Acrylic on canvas without lining, 2016*  
*175x170cm*

**GÖZDE GİRİŞİM REALIZED ITS SECOND BOND ISSUANCE AMOUNTING TO TL 175 MILLION.**

**Another successful issuance by ÜNLÜ & Co...**

ÜNLÜ & Co successfully completed the two-year TL 175 million bond issuance by Gözde Girişim, a venture capital company which manages Yıldız Holding's non-food investments.

Gözde Girişim's bond issuance included a vast array of corporate and individual investors; highlighting the investor base's interest in Gözde Girişim and ÜNLÜ & Co capability and success in reaching the right investors.

**IFM INVESTORS BECAME PARTNER TO MERSİN PORT.**

**A specialized financial advisor...**

ÜNLÜ & Co provided financial advisory to Akfen Holding during the sales of Turkey's leading port operator Mersin International Port for USD 869 million.

During the sales, Akfen Holding's 40% stake at Mersin International Port was acquired by one of the world's foremost fund management companies, namely the Australia-based IFM Investors. This deal confirmed international investors' trust in Turkey's long term growth potential.

**IBRAKOM AND CJ LOGISTICS SIGNED A PARTNERSHIP AGREEMENT.**

**ÜNLÜ & Co brokered giant partnership deal**

ÜNLÜ & Co brokered a huge partnership agreement in the logistics sector in 2017. As a result of negotiations where ÜNLÜ & Co provided financial advisory, the Dubai-based logistics company Ibrakom active in the Middle East, Central Asia and Turkey signed a share transfer and partnership agreement with South Korea's largest transportation company, CJ Logistics.

The partnership between Ibrakom and CJ Logistics was a crucial step forward for ÜNLÜ & Co's regional growth targets.

**POLINAS PLASTIK ACQUIRED PROPAK AMBALAJ.**

**ÜNLÜ & Co creates a difference in acquisitions**

Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş.'s indirect subsidiary Polinas Plastik Sanayii ve Ticareti A.Ş. signed a share sales deal for the acquisition of Propak Ambalaj Üretim ve Pazarlama A.Ş. for EUR 47 million. Upon this deal, Polinas came to hold a 90% stake at Propak Ambalaj.

In this crucial deal for the Turkish packaging industry, ÜNLÜ & Co provided financial advisory to Gözde Girişim and Polinas.



**TL 869  
MILLION**

Akfen Holding  
Equity Sales



Brokerage  
for the  
sales of  
Doğtaş  
Kelebek's  
stocks traded  
on BIST



**TL 45  
MILLION**

Nidapark  
Küçükyalı  
Investment

*ÜNLÜ & Co provided financial advisory to Akfen Holding during the sales of Turkey's leading port operator Mersin International Port for USD 869 million.*

**DOĞTAŞ KELEBEK SHARES RECEIVED AMPLE INTEREST FROM INVESTORS.**

**Another successful placement from ÜNLÜ & Co**

In the USD 91 million placements by the leading Turkish furniture company Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş., ÜNLÜ & Co brokered the trading in the company's shares listed on Borsa Istanbul.

The deal on Borsa Istanbul attracted ample interest, and shares were sold to over 50 foreign and domestic corporate qualified investors.

**ÜNLÜ PORTFÖY INVESTS IN NİDAPARK KÜÇÜKYALI.**

**Investments creating value**

ÜNLÜ & Co fund ÜNLÜ Portföy First Real Estate Investment Fund has invested a total of TL 45 million in Nidapark Küçükyalı project, carried out by Tahincioğlu, one of the leaders of the Turkish real estate sector, under the guarantee of Emlak Konut REIT.

With this investment, ÜNLÜ Portföy aims to offer attractive returns to its investors.

**USD 100 MILLION SALES TO ZYNGA FROM PEAK GAMES**

**Service at global standards in the technology sector as well**

In December 2017, the American gaming company Zynga purchased the card games unit of Turkey's mobile gaming giant Peak Games. ÜNLÜ & Co brokered this gigantic deal worth USD 100 million.

This acquisition was the first transaction formulated by ÜNLÜ & Co's Corporate Finance Department focusing solely on technology and internet companies.

**Suat Akdemir**  
*Acrylic on canvas  
without lining, 2017*  
165x160cm







# Letter from the Chairman & CEO

+

*In 2017, the continued abundance of global liquidity and improving macroeconomic indicators led to a surge in portfolio flows to the emerging economies.*

Dear Stakeholders,

Although the year 2017 began with an agenda full of geopolitical tensions and political risks, all market actors were certain that the world economy would perform better than in the previous year. Indeed, this optimism was proven accurate by developments in global trade and financial markets during the course of 2017. Developed countries displayed a certain macroeconomic stability in their core indicators, while emerging economies' growth became more stable as relatively strong capital inflows continued.

**WHILE RECOVERY IN DEVELOPED COUNTRIES ACCELERATED, THE RISK APPETITE TOWARDS DEVELOPING COUNTRIES INCREASED.**

Despite ongoing domestic uncertainty, the USA displayed a resilient growth performance, and its positive outlook was supported by improvements in basic indicators such as inflation, employment and consumer confidence. The better-than-anticipated performance of the economy allowed the US Federal Reserve (Fed) to raise interest rates three times during the year, while also initiating the previously announced balance sheet reduction program. On the other hand, the fact that the Fed's monetary tightening plan followed a pre-announced and predicted path prevented an upward pressure on the US dollar on a global basis.



We started our journey in 1996 with a view towards adding value to investors' savings through a boutique approach.



The USA's positive outlook was supported by improvements in basic indicators such as inflation, employment and consumer confidence.

In the Euro Zone, where there were concerns about elections creating pressure on the economy, there was a visible improvement in terms of growth. The results of the elections in the Netherlands, France and Germany did not increase political risks for the European Union, helping to accelerate economic recovery. On the inflation side, since the zone still fails to attain a positive picture, the European Central Bank (ECB) continues to pursue a more cautious policy as regards monetary tightening.

Growth indicators also recovered in 2017, as the continued abundance of global liquidity and improving macroeconomic indicators led to a surge in portfolio flows to the emerging economies. The ongoing uptrend of oil prices and the monetary expansion steps from developing country central banks were the other factors bolstering growth in these countries.

*adding value to the economy...*



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**MAHMUT L. ÜNLÜ**  
Chairman and CEO

*We have designed DAHA as a service platform providing an alternative to those currently available in the market by formulating personalized solutions and employing our vast fund range.*

The mild climate in the global economy also reflects on anticipations for the upcoming period. Indeed, according to the IMF, which revised its 2017 forecasts upward, global growth will close this year at 3.6% before accelerating to 3.7% in 2018 and 2019, the highest level since 2011. We can also underline that the growth outlook has a broader base than in the previous years. On the other hand, there are a considerable number of observers who are worried that the growing political fault lines may well put an end to this positive outlook.

**THE TURKISH ECONOMY CLOSED THE YEAR 2017 IN A STRONG POSITION.**

Turkey displayed a strong performance in the year 2017, closing it with a growth rate of 7.4%, remaining one of the fastest growing countries in the OECD. The biggest contribution to this performance came from household consumption and fixed capital investments rising under the influence of the Credit Guarantee Fund (CGF) whose scope and collateral facilities were expanded with public finance incentives in the first quarter. However, factors such as the increase in production and exports as well as the recovery in tourism, brought about by the global economic recovery, also bolstered growth.



**IN ADDITION TO THE IMPRESSIVE GROWTH, THERE WAS ALSO STRONG INTEREST IN TURKISH FINANCIAL ASSETS THROUGHOUT THE YEAR.**

In addition to this impressive growth, there was also strong interest in Turkish financial assets throughout the year. The positive growth outlook was expected to have a favorable effect on company profits, and portfolio flows to emerging economies buoyed the BIST-100 index, which broke a series of all-time records and tested the 115,000 mark during 2017.

On the other hand, the strong demand, depreciation of TL, rising import prices in USD terms, and the last year's base effect on food prices joined to increase inflationary pressure in 2017. Despite the recovery in tourism revenues, the rise in the foreign exchange rate, high gold prices and energy imports once again created a surge in the current deficit. The Central Bank had to take a series of unconventional monetary tightening measures during the year in order to limit the damages caused by inflation and foreign exchange rate volatility.

We predict that in 2018, the positive momentum created in 2017 will continue albeit at a somewhat slower pace. As public authorities implement with resolve the structural reforms they correctly emphasize, our nation will boost its investment potential thanks to strong public finance and banking sector, dynamic and entrepreneurial private sector, strong growth potential and youthful population.

**WITH DAHA, WE DELIVER TAILORED PRODUCTS AND SERVICES IN AN INTEGRATED MANNER.**

For 22 years, ÜNLÜ & Co played a pioneer role in developing Turkish investment banking and expanding the sector, and today the Company continues to raise the bar ever higher thanks to a roadmap taking into account all of these global and local conditions.

We started our journey in 1996 with a view towards adding value to investors' assets through a boutique approach. Since then, we introduced groundbreaking innovations with our original financial solutions designed to meet customers' needs. In 2016, we included retail investors in our target audience, thereby expanding the limits of our high quality service commitment. In the last activity period, we transformed this initiative into DAHA, an integral brand which will breathe new life into capital markets, provide guidance to investors, and add value to financial life.

We have designed DAHA as a service platform providing an alternative to those currently available in the market by formulating personalized solutions and employing our vast fund range. In order to extend our exclusive service approach towards qualified individual investors as well, we supported DAHA with our vast range of structured products and boutique services as well as our robust technological infrastructure and modern, user-friendly online platforms.



**115,000**

The BIST-100 index broke a series of all-time records and tested the 115,000 mark during 2017.

*Aware of our responsibilities, we shall, as always, endeavor to increase our support to the Turkish capital markets and therefore to the economy in the upcoming period.*

During the year, we lost no time in taking the necessary organizational steps which will transform DAHA into a vast financial supermarket that contributes to the development of the investment market in Turkey. We forged a team consisting of the sector's best investment advisors committed to ÜNLÜ & Co's motto "We will win if the investor wins". In order to get closer to our investors, we opened up a representative office in Ankara in 2017. We shall continue to establish more contact offices and branches and also seize inorganic growth opportunities concerning DAHA in the coming period.

In 2017, we also launched ÜNLÜ THE CLUB information platform on YouTube for qualified individual investors. Thanks to ÜNLÜ THE CLUB, investors can swiftly turn time into earnings by keeping abreast of the latest financial developments, predictions and news shaping the economy.



**FOR 22 YEARS**

At ÜNLÜ & Co, we have been delivering services for 22 years through a modern investment banking approach.



**USD 1.7 BILLION**

The total nominal value of the mergers and acquisitions where ÜNLÜ & Co provided advisory in 2017 reached USD 1.7 billion as of year-end.

**WE CONTINUE OUR CONSISTENT ASCENT.**

Although the launch of DAHA was the most important agenda item for the Company in 2017, we also completed numerous successful initiatives which made us proud during the year. The total nominal value of the mergers and acquisitions where ÜNLÜ & Co provided advisory in 2017 reached USD 1.7 billion as of year-end. In 2017, we brokered acquisitions, partnerships, share and bond sales in numerous sectors from infrastructure to retail, industry to packaging, logistics to technology, each requiring special expertise, and all of these deals confirmed once again the Company's pioneering position among brokerage houses in Turkey.

At ÜNLÜ & Co, we have been delivering services for 22 years through a modern investment banking approach. In this respect, we have made significant strides in 2017 towards becoming a full-fledged investment bank at international standards, which is one of our medium-term targets. As an investment corporation which has a larger shareholders' equity than the seven investment banks currently in operation, we have come to the final stage in the license application process. After obtaining our license, we shall further strengthen our balance sheet through a public offering or strategic partnership.

**A GLANCE AT 2018...**

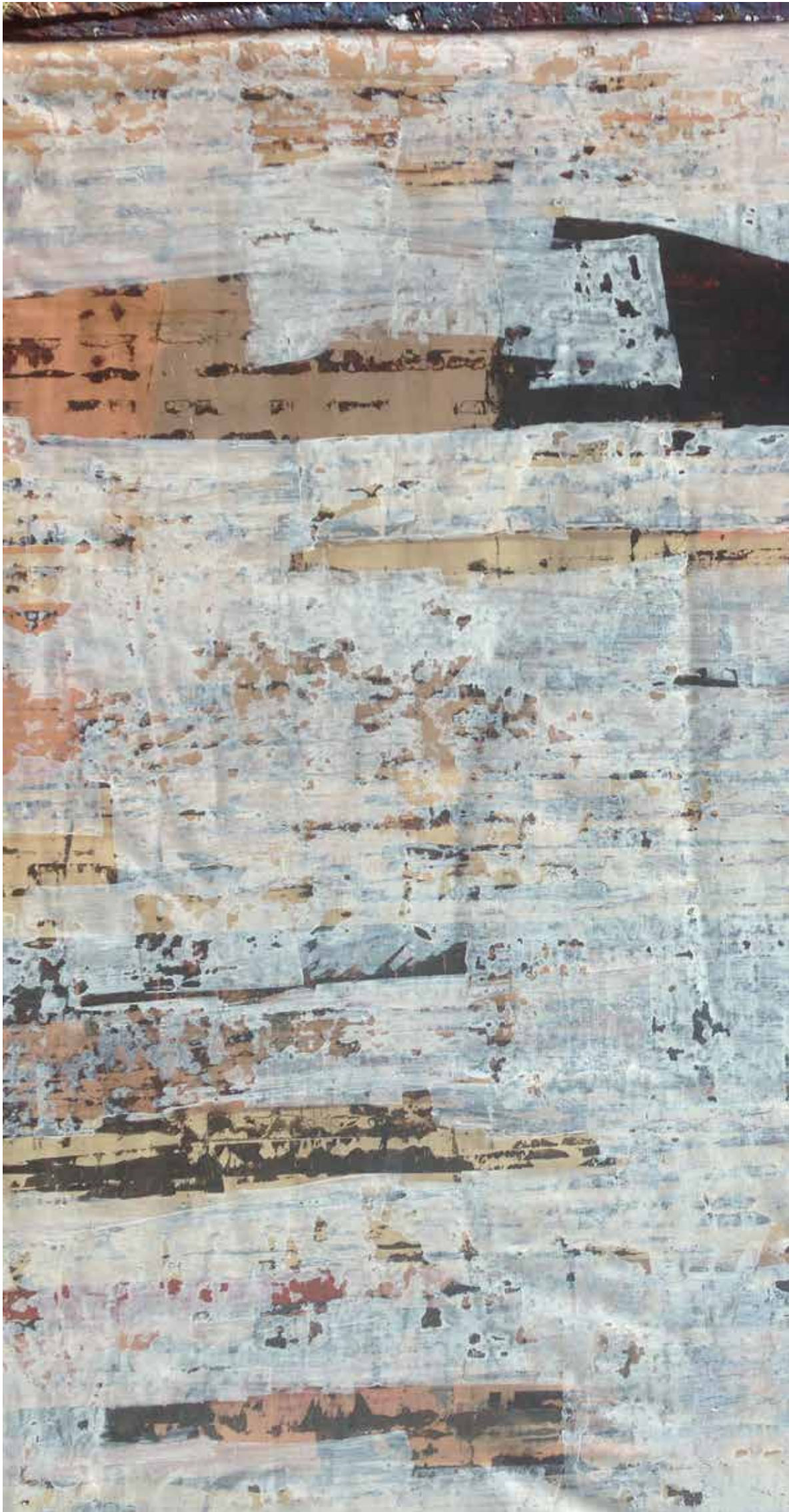
Although Turkey displayed a strong performance in 2017, the end of the expansionary policies of developed country central banks ushers in a number of risks for its economy. This makes the implementation of structural reforms for reducing the economy's fragilities as important as the preservation of the growth rate. We think that the investment banking and asset management sector will have a larger responsibility in directing resources to the right areas under conditions of reducing global liquidity.

Aware of our responsibilities, we shall, as always, endeavor to increase our support to the Turkish capital markets and therefore to the economy in the upcoming period. I am fully confident that with our competent and dynamic human resources, advanced technological infrastructure, customer-oriented innovative products and services targeting excellence we will introduce many more groundbreaking firsts in the sector.

I would like to take this occasion to extend my gratitude on behalf of our Board of Directors to our professional team with whom we shall reach ever-higher goals, and our customers, business partners and other stakeholders for their unfaltering confidence.

Yours sincerely,

**MAHMUT L. ÜNLÜ**  
Chairman and CEO



**Suat Akdemir**  
*Acrylic on canvas, 2016*  
165x160cm



# Letter from the Deputy Chairman & General Manager

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*Since its establishment, ÜNLÜ & Co has successfully completed a total of 110 acquisition transactions with a total value of USD 13.5 billion.*

Esteemed Stakeholders,

Continuing to implement a health and sustainable growth strategy, ÜNLÜ & Co outperformed its own targets in 2017.

#### **WE CONTINUE TO CREATE A DIFFERENCE WITH OUR PERFORMANCE.**

The total assets of ÜNLÜ & Co, the only independent investment corporation among Turkey's leading investment corporations, grew 12.3% over the prior year to reach TL 520,191,203, while its operating revenues rose 12.86% to the level of TL 108,768,558. Our shareholders' equity increased by 15.96% to over TL 184,466,721.

On this occasion, I would also like to underline other data concerning the end-2017 of the Company, which managed to make numerous achievements in its corporate life spanning quarter of a century.

ÜNLÜ & Co accomplished 29 IPOs, private placements and block sales worth a total of USD 2.9 billion since 2010; as such, it is the leader of the sector with a 35% market share in equity placements since 2010, excluding privatizations and intra-group transactions.



**TL 108.7  
BILLION**  
Operating  
Revenue



**35%**  
Market share  
in equity  
placements

Since its establishment, the Company has successfully completed a total of 110 acquisition deals with a total value of USD 13.5 billion. 54 of these transactions took place after 2010, with a total volume of USD 9 billion. The deals concluded by ÜNLÜ & Co in 2017 include Polinas' acquisition of Propak, the partnership between Ibrakom and CJ Logistics, as well as Akfen Holding's sale of a 40% stake at Mersin International Port to IFM Investors for USD 869 million.

Until date, ÜNLÜ & Co realized 18 private sector bond issues worth a total of TL 1.6 billion, thus preserving its leadership position among investment corporation in this field and contributing to the development of the debt instruments market. In 2017, the Company concluded with success the large-scale and high return bond issues by companies leading their sectors such as Gözde Girişim Sermayesi and Çalık Enerji.

*leading the sector...*





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**CAN ÜNALAN**  
Deputy Chairman  
and General  
Manager

**WE TRANSLATED OUR EXPERTISE AND KNOW-HOW INTO AN EXCLUSIVE SERVICE PERSPECTIVE THROUGH DAHA.**

Although our financial results are impressive, they do not sufficiently demonstrate our performance in the last financial period. The development which made 2017 more special than the previous years was the launch of DAHA, an investment advisory and brokerage services platform designed to serve individual investors as well. DAHA, the latest product of ÜNLÜ & Co's innovative vision, received ample interest from investors in no time.

The launch of DAHA, where we offer qualified individual investors with an appetite for calculated risks a large array of investment alternatives together with the sector's best investment advisors and online brokerage platforms, was followed by that of our YouTube channel ÜNLÜ THE CLUB. Designed to be very different from a classical social media platform, the channel regularly delivers rich content not only on our corporate news, but also the finance agenda, expert opinions, sector analyses and social responsibility activities, thus bringing us even closer to our target audience.

**WE CONTINUE TO SUPPORT WOMEN'S ENTREPRENEURSHIP.**

At ÜNLÜ & Co, we believe that each woman who joins business life and empowers herself economically brings Turkey one step closer to the goal of sustainable and high quality development. In 2017, we joined forces with NGOs and developed projects to provide an even greater support to women entrepreneurs.

We attach as much importance to social responsibility activities in this field as to our business, and aim to further enhance these efforts to raise stakeholder awareness in the coming period.

*In 2017, we joined forces with NGOs and developed projects to provide an even greater support to women entrepreneurs.*



**ÜNLÜ  
THE CLUB  
YOUTUBE  
CHANNEL  
IS ON AIR.**



**WE CONTINUE TO  
SUPPORT  
WOMEN'S  
ENTREPRENEURSHIP.**



**WE ARE MORE  
HOPEFUL  
AND EXCITED  
ABOUT THE  
FUTURE THAN  
EVER BEFORE.**

*The development which made 2017 more special than the previous years was the launch of DAHA, an investment advisory and brokerage services platform designed to serve individual investors. DAHA, the latest product of ÜNLÜ & Co's innovative vision, received ample interest from investors in no time.*

**WE POWER AHEAD TOWARDS THE FUTURE.**

ÜNLÜ & Co expanded its achievements in 2017 by giving a brilliant example of teamwork in 2017, and now is more hopeful and excited than ever about the future. This excitement shared by all employees also boosts our motivation for reaching our 2018 targets.

The biggest responsibility for the strong and reliable position we enjoy today belongs to our management and employees. I would like to extend my heartfelt thanks to our employees and management, as well as to our investors and other stakeholders who truly embrace our values, for accompanying ÜNLÜ & Co in its journey to success with their diligence and efforts.

**Suat Akdemir**  
*Acrylic on canvas, 2017*  
165x160cm



# Markets Overview

## 2017 Highlights and Future Outlook

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*2017 was a year of recovery...*

After 2016, which was a challenging period for economic growth, the Turkish economy displayed a considerable recovery in 2017, closing the year with an annual growth rate of 7.4%. An analysis of the composition of this growth shows that the most favorable development was the increase in investments. Due to the pressure created by capacity utilization rates which are at a historical high, and as some of the vast loan allocation turned into investment, there was a strong growth in machinery and equipment investments, as a positive development for the sustainability of the recovery in economic activity. Growth was buoyed by the rebound in tourism revenues in 2017, the positive impact on exports of the growth in European markets, and the government's macro prudential measures (Credit Guarantee Fund, high budget expenditure). Strong growth also brought down unemployment figures, with seasonally adjusted unemployment rate falling to 10.8% in August, its lowest level since May 2016.

2017 was marked by not only high growth but also high inflation. After ending the year 2016 at 8.5%, inflation increased rapidly to reach double-digit figures in February, returned to single-digit territory in July, before starting to rise once again and hitting a peak of 13% in November. The factors underlying this increase were the surge in oil and other input prices as well as the swift depreciation of Turkish lira and the strength of economic activity.



**4.7%**  
**ÜNLÜ & Co  
ESTIMATE**  
The Turkish  
economy is expected  
to grow by 4.7%  
in 2018.

The Turkish lira depreciated rapidly at the end of 2016. With Fitch's decision to downgrade Turkey's credit rating in January 2017, Turkey did not have any investment grade left from among the top three credit rating companies and thus the lira diverged from the other emerging currencies in a negative direction. After the alleviation of political uncertainties as a result of the April referendum, TL started to appreciate once again; however, began depreciating against the US dollar from September onwards. In 2018, it is clear that the Central Bank will have to adopt a tighter monetary stance in order to put a brake on TL's rapid depreciation and reanchor inflationary expectations.



**USD 3.2  
BILLION**  
Equities  
acquired  
by foreign  
investors

In 2017, thanks to the ongoing global risk appetite, the portfolio flows towards emerging countries remained strong. Foreign investors in 2017 acquired Turkish stocks worth USD 3.2 billion, as well as government debt securities worth USD 7.5 billion. The continuation of the global risk appetite and the level of the interest in emerging markets will continue to be the most critical factors for the trajectory of the Turkish money and capital markets in 2018.

*Everything for our country...*

*In 2017, thanks to the ongoing global risk appetite, the portfolio flows towards emerging countries remained strong.*

**NORMALIZATION IS EXPECTED IN ECONOMIC ACTIVITY FOR 2018.**

After the 3.2% growth in 2016, the government announced a number of measures, private sector incentives and public spending in 2017, resulting in a 7.3% growth rate for the year. In 2018, we expect economic activity to somewhat normalize and growth to converge to its long term potential, settling at around 4.7%. Based on our expectation of normalization, we predict that, although the CGF has become permanent, unless the collateral volume is increased by a large margin, loan growth rates will fall, converging towards their long term average, and the growth-inducing effects of temporary tax discounts and macro prudential measures will disappear.

The rise in food prices in the first half of the year and Turkish lira's rapid depreciation brought about a hike in inflation. Due to the continued lira depreciation, strong domestic demand and worsening inflation expectations we expect the inflation to remain in the double-digit territory for most of the year. We expect the 2018 year-end annual inflation rate to come in at 9.0-10.6%, the commodity prices to remain high, and CBRT to further tighten the monetary policy in the second half of the year in order to support the Turkish lira.

The Turkish economy seems to be rather resilient since it managed to recover in 2017 following the various negative developments in 2016. We consider that in 2018 as well, Turkey will not have difficulty in rolling over its foreign debt.



In the year 2018, Turkey is not expected to experience difficulty in financing its foreign debt.



**STRONG ECONOMIC ACTIVITY**

**AN INCREASE IN POLITICAL RISKS CAN DISRUPT THE ECONOMY'S POSITIVE TRAJECTORY.**

In 2017, the most important agenda items in the global arena were Donald Trump's inauguration, the initiation of the Brexit process, the election of Emmanuel Macron as French president, Angela Merkel's party's failure to come to power alone in Germany after the general elections, and the failure of the first four coalition talks. In 2018, the major global risks will be a possible government change in the UK, the presidential elections in Russia and the effect on oil prices of the turmoil in Saudi Arabia.

In 2018, the US economy will continue to display a mild yet consistent growth performance. In late 2017, the US Senate has approved a sweeping overhaul of the tax system, which should provide a boost to the US economy in the short-term. In the Euro Zone, economic activity will likewise gain momentum. Trump's candidate to the position of Fed chairperson, Jerome Powell is expected to continue the policy line of the current chairperson Janet Yellen and the Fed will probably raise rates three more times in 2018, while the ECB may realize its first rate hike since July 2011. Furthermore, the ECB also announced that its asset purchase program will be reduced to EUR 30 billion by January 2018, and extended the duration of the asset purchase program until September 2018.

The lately tense diplomatic relations between Turkey and the USA, and other domestic political and geopolitical developments also have an impact on the markets.

*Turkish economy maintains its economic strength.*

# Investment Banking Services

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*ÜNLÜ & Co has built its reputation in the market with its achievements in corporate financial advisory since its foundation.*



## **CORPORATE FINANCE**

Corporate Finance  
Equity Capital Markets

## **DEBT CAPITAL MARKETS & ADVISORY**

Debt Capital Markets  
Financial Advisory

## **MARKETS**

Institutional Sales and Equities  
Derivative Products

## **RETAIL SERVICES**

DAHA Investment Advisory &  
Brokerage Services

*services side by side our customers...*

**Suat Akdemir**  
*Acrylic on canvas, 2017*  
165x160cm



## CORPORATE FINANCE

Corporate Finance is one of the main business lines that make a significant contribution to ÜNLÜ & Co's branding with the numerous successful transactions that it has undersigned in Turkey. ÜNLÜ & Co Corporate Finance Department offers high value-added financial solutions for its clients to realize their goals in

- Company mergers and acquisitions,
- Cross-border acquisitions transactions,
- Private equity fund transactions,
- Financial restructuring transactions.

*With its 24-person expert team composed of high-caliber professionals, the Corporate Finance Department shapes the financial solutions that best suit the needs and interests of clients while adhering to global ethical standards.*



110

Total number of mergers and acquisitions



**AN IMPORTANT ROLE IN THE DEVELOPMENT OF STRATEGIC PARTNERSHIPS**



Turkey's Best Financial Advisor Award

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

### **LEADER IN COMPANY MERGER AND ACQUISITION TRANSACTIONS**

ÜNLÜ & Co is the leader among its competitors domestically with the advisory services it provides to the leading companies in Turkey and the world with the 110 M&A transactions it has executed successfully to date since 1996.

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

With its 24-person expert team composed of high-caliber professionals, the Corporate Finance Department shapes the financial solutions that best suit the needs and interests of clients while adhering to global ethical standards.

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

### **OUR AWARDS CONFIRM OUR QUALITY AND SUCCESS**

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

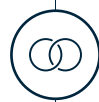
ÜNLÜ & Co received the "Turkey's Best Investment Bank" award from Euromoney in 2016 and had been named the "Best M&A House" by the same institution in 2015. ÜNLÜ & Co's outstanding achievements in corporate finance in 2015 were also crowned with the "Turkey's Financial Advisor of The Year" award from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



## The Art of Investment Banking

### ÜNLÜ & Co'S MARK ON FIVE HIGH-PROFILE DEALS

In 2017, due to the start of a partial recovery in market conditions, the increased flow of funds to emerging markets and the stronger performance of the Turkish economy, the total monetary size of mergers and acquisitions in Turkey increased by approximately 50% to reach USD 11 billion. In 25\* deals with a total worth of around USD 5.5 billion, the buyer and/or seller employed a financial advisor.



**USD 11  
BILLION**

Total number  
of mergers and  
acquisitions in  
Turkey

*The Corporate Finance  
Department delivers services  
with its 24-strong expert team  
consisting of the very best  
professionals in the sector.*

### LEADERSHIP OF ÜNLÜ & Co

Period	Type of Transaction	Number of Transactions*	Ranking
2010-2017	Mergers and acquisitions	32	1 <sup>st</sup>
2010-2017	Cross-border mergers and acquisitions	21	1 <sup>st</sup>
2010-2017	Mergers and acquisitions -buyer-side advisor	15	1 <sup>st</sup>
2010-2017	Mergers and acquisitions -seller-side advisor	17	2 <sup>nd</sup>
2010-2017	Private capital fund deals	12	1 <sup>st</sup>

\*Deals above USD 30 million.

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

### MAJOR TRANSACTIONS OF ÜNLÜ & Co

Service Area	Target Company	Acquirer Company	Significance	Year
Buyer-side Advisor	Peak Games	Zynga	Turkey's largest online gaming deal	2017
Seller-side Advisor	Mersin Port	IMF	One of the largest infrastructure deals in Turkey	2017
Seller-side Advisor	Korozo	Actera	Sales transaction of Turkey's largest packaging company	2016
Seller-side Advisor	Solventaş	Yilport Group	Sales transaction of Turkey's largest chemical storage terminal	2016
Seller-side Advisor	Yıldız Holding A.Ş.-AK Gıda	Lactalis Group	Sales transaction of one of Turkey's largest food companies	2015
Buyer-side Advisor	United Biscuits	Yıldız Holding A.Ş.	Turkey's largest overseas acquisition deal	2014
Buyer-side Advisor	YKM	Boyner Group	Acquisition transaction of Turkey's largest department store group	2012
Buyer-side Advisor	Defy	Koç Holding A.Ş. - Arçelik	Largest foreign company acquisition transaction of Koç Group	2011
Buyer-side Advisor	Kent Gıda and Intergum	Cadbury Schweppes	Acquisition transaction of one of Turkey's largest confectionery companies	2007
Buyer side Advisor	Güven Plastik	Huhtamaki	First company merger and acquisition transaction	1997

**DEALS ADVISED BY ÜNLÜ & CO IN 2017**

Target Company	Sector	Purchasing Company	Share (%)	ÜNLÜ & Co Advisory
Ibrakom	Logistic	CJ Lojistik	51%	Selling Party
Mersin International Port	Port Management	IFM Investors	40%	Selling Party
Peak Games	Technology	Zynga Inc.	-	Selling Party
Propak Ambalaj	Packaging	Polinas Plastik Sanayii ve Ticareti A.Ş.	90%	Buying Party

ÜNLÜ & Co Corporate Finance Department displayed a very impressive performance in 2017 as well, playing an advisory role in the realization of five successful, high-profile deals. The total monetary value of these transactions amounted to approximately USD 1.7 billion.

Summary information on these five deals is below:

**ÜNLÜ & Co'S SIGNATURE IN THE PARTNERSHIP DEAL OF DUBAI-BASED LOGISTICS COMPANY IBRAKOM AND THE SOUTH KOREAN CJ LOGISTICS**

As a result of negotiations with financial advisory provided by ÜNLÜ & Co, a share transfer and partnership was signed between Ibrakom, a logistics company active in the Middle East, Central Asia and Turkey, and South Korea's largest shipment company CJ Logistics.

Established in 1995 and operating in 15 countries, Dubai-based Ibrakom is the leading logistics company in the Middle East and Central Asia Region. South Korea-based CJ Logistics aims to become one of the world's top five logistics companies through mergers and acquisitions.

With this agreement, Ibrakom has taken a major step towards becoming a global project transport and freight company, while CJ Logistics has gained the opportunity to extend its operations to different geographies by building a bridge with European markets.

**NEW AUSTRALIAN PARTNER TO MERSIN PORT**

ÜNLÜ & Co provided financial advisory to Akfen Holding in the USD 869 million share sales by Turkey's leading port operator Mersin International Port.

At the end of the process, Akfen Holding's 40% stake at Mersin International Port was transferred to IFM Investors, one of the world's leading fund management companies, which invests in infrastructure projects in OECD countries.

This deal was an important development that confirmed international investors' trust in the long-term growth potential of Turkey.



**USD 1.7 BILLION**

Nominal value of advising services



ÜNLÜ & Co added technology to its operational map.

**HUGE BID FOR PEAK GAMES**

The US gaming company Zynga reached a USD 100 million deal with the Turkish technology company Peak Games, whose mobile games reach out to over 500 million users across the globe, to acquire the latter's card and rummikub games studio.

ÜNLÜ & Co brokered the said deal between Peak Games and Zynga, thus adding technology to its operations map.

**LARGE-SCALE ACQUISITION IN THE PACKAGING SECTOR**

Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş.'s subsidiary Polinas Plastik Sanayii ve Ticareti A.Ş., signed a definitive purchase agreement for the acquisition of Propak Ambalaj Üretim ve Pazarlama A.Ş at an equity valuation of EUR 47 million. As a result of the deal, Polinas came to acquire a 90% stake at Propak Ambalaj.

In this crucial deal for Gözde Girişim, Polinas and the Turkish packaging sector, financial advisory was provided by ÜNLÜ & Co. Gözde Girişim and Polinas have further strengthened their position in the packaging sector with this acquisition.

**PLACEMENT IN DOĞTAŞ KELEBEK SHARES**

USD 91 million was placed in Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş. shares with a nominal value of TL 88,034,883., which correspond to a 42.107% stake in the prominent Turkish furniture company, via the BIST Wholesales Trading scheme. ÜNLÜ & Co was the sole book runner of the placement which took place in Borsa İstanbul.

Shares were placed to over 50 international and domestic qualified institutional investors and sold at an 8.87% discount with closing price of TL 4.17 on October 17, Tuesday.



**Suat Akdemir**  
*Acrylic on canvas without lining, 2017*  
165x160cm

## EQUITY CAPITAL MARKETS

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

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

### MARKET LEADER FOR SIX YEARS

With a market share of 35% excluding privatizations and intra-group transactions, ÜNLÜ & Co has maintained its leadership position for six years between 2010 and 2017 in the block trading market in Turkey - a market where world's investment banks are often actively involved.

Twenty-nine of the 86 block sales transactions conducted between 2010 and 2017 were undersigned by ÜNLÜ & Co.

### A DOMESTIC BRAND FOCUSED ON TURKISH COMPANIES

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

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



**%35**

Leader with a market share of 35% excluding privatizations and intra-group transactions in the block trading market in Turkey.



**29**

Twenty-nine of the 86 block sales transactions were undersigned by ÜNLÜ & Co.

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

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

### 2017 TRANSACTIONS

In 2017, ÜNLÜ & Co facilitated the sales transaction of 33.5 million Sabancı Holding shares with a value of USD 100 million.

Within the scope of the BIST Wholesale Trade transactions, ÜNLÜ & Co facilitated the bilateral USD 91 million worth of trading (buy/sell) of the Doğtaş shares with a nominal value of TL 88,034,883.-, corresponding to 42.107% of the capital of Doğtaş Kelebek Mobilya Sanayi ve Ticaret A.Ş., one of the leading companies of the Turkish furniture sector.

The Equity Capital Markets Department aims to continue in 2018, in the most effective way possible, its services that add value to Turkey and Turkish companies by developing solutions in the best interests of its clients.

## DEBT CAPITAL MARKETS AND ADVISORY

ÜNLÜ & Co Debt Capital Markets and Advisory Department specializes in evaluating the needs of its clients, structuring, and obtaining the necessary financing from appropriate sources. It provides intermediary services for the issuance of securities in the debt capital markets.

Debt Capital Markets and Advisory Department establishes long-term solution partnerships with its customers thanks to its expertise in determining the financing needs of its customers accurately and timely. The knowledge and experience of the team accumulated over the years, ensures that the necessary financing is provided with the most beneficial structure and conditions.

The department also provides advisory services for a wide range of debt financing structures including syndicated/club loans, project financing, subordinated loans (mezzanine financing), securitization transactions and acquisition financing.

### AN APPROACH THAT ALWAYS AIMS TO CREATE VALUE FOR ITS CUSTOMERS

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

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

### LEADING INTERMEDIARY FOR DEBT CAPITAL MARKETS TRANSACTIONS

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

With a transaction volume of over TL 1.7 billion in 2014-2017, ÜNLÜ & Co has a market share of 10% in Turkish Lira real sector corporate bond issues. Among the top five in terms of transaction volume and number, it is also the only investment institution independent from the commercial banks, which are naturally conflicted with the debt capital markets.



10%

Market share



TL 1.7 BILLION

Transaction Volume



Financing to customers under the best terms and conditions

*Debt Capital Markets and Advisory Department establishes long-term solution partnerships with its clients thanks to its expertise in determining the financing needs of its customers accurately and timely, and ensuring that the necessary financing is provided under the most appropriate structure and conditions.*

The Debt Capital Markets and Advisory Department continued its product development efforts in 2017 and has applied to Capital Markets Board for establishment of an asset financing fund to be able to issue asset-backed securities for its clients. The Department became the first to initiate the activities for convertible bonds.

In 2018, ÜNLÜ & Co Debt Capital Markets and Advisory Department will be focusing on strengthening its role as trusted advisor in addressing its clients' debt funding requirements.

### MAJOR DEALS IN 2017

ÜNLÜ & Co performed a private sector bond issue worth TL 150 million for Çalık Enerji San. ve Tic. A.Ş., one of the world's top companies in energy contracting. The two-year private sector bond of TL 150 million was the second bond issue by Çalık Enerji. The first bond issue by the company was realized on January 27, 2017, also by ÜNLÜ & Co.

Just like Çalık Enerji, Gözde Girişim Sermayesi Yatırım Ortaklığı also preferred ÜNLÜ & Co as the brokerage house in its second bond issue in 2017. The issue which was initially planned as TL 150 million was later increased to TL 175 million as a result of strong demand.

## INSTITUTIONAL SALES AND EQUITIES

The Institutional Sales Department plays an active role in advising overseas and local institutional investors. The vast client portfolio includes American, European, Middle Eastern and Asian mutual funds, hedge funds, pension funds and sovereign wealth funds.

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

*With seven experienced professionals, the Institutional Sales Department provides an indispensable service to investors looking for comprehensive information on the Turkish economy, leading sectors and companies.*



**DIVERSE  
CLIENT  
NETWORK**



**BROAD  
PERSPECTIVE FOR  
INVESTORS**



**MAJOR  
ROLE IN  
OFFERINGS**

*ÜNLÜ & Co's Fourth Annual Turkish Banks' CEO Day brought together more than 40 investors who found the chance to meet with senior executives of leading Turkish banks.*

### INCREASING OVERSEAS ACTIVITY

ÜNLÜ & Co's Fourth Turkish Banks CEO Day, held in 2017, attracted more than 40 investors to meet with top executives of leading Turkish banks.

As part of its marketing efforts, the Institutional Sales Department organizes roadshows in major financial centers across Europe and the US, bringing together investors with the CEOs and CFOs of prominent Turkish companies listed on Borsa İstanbul. In addition, domestic portfolio management companies / pension funds and senior executives of companies were brought together to help investors fine-tune their investment decisions.

### MORE SUCCESS IN PLACEMENTS FROM ÜNLÜ & Co

In 2017, Institutional Sales Department successfully carried out the block sale of a USD 100 million stake in Sabancı Holding, as well as the sale of a 42% stake in Doğtaş Kelebek Mobilya for USD 90 million to institutional investors. The department is also expected to play a major role in IPO's, which are expected to rise rapidly in 2018.

In the past year, the Institutional Sales Department added marketing and sales activities of corporate bonds to its product range, and successfully carried out the sale of Gözde Girişim Sermayesi and Çalık Enerji bonds in 2017.

The placement of TL 150 million in two-year maturity corporate bond for Çalık Enerji, realized on February 3, attracted a large number of qualified investors to the deal. Çalık Enerji, one of the world's top energy contracting companies, will use funds from this issue in renewable energy investments.



***Suat Akdemir***  
*Acrylic on canvas, 2016*  
*175x710cm*

## RESEARCH

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

### THEMATIC REPORTING THAT PROVIDES AN IN-DEPTH PERSPECTIVE TO INVESTORS

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

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

In 2017, the Research Department, which has a team of 8 experienced analysts, covered 60 companies in 15 different sectors.

Throughout the year, the Research Department analyzed these 60 companies, which accounted for 90% of the total market capitalization of the BIST-100 Index, prepared reports for stocks based on fundamental analyses, and provided buy/sell recommendations to investors.

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



REPORTS AT HIGH INTERNATIONAL STANDARDS



ÜNLÜ & Co's reporting approach is based on monitoring and reporting the investment opportunities offered by companies.



ACCURATE SUGGESTIONS BASED ON ANALYSES

*ÜNLÜ & Co Research Department prepares world-class thematic reports including equity, credit, and macroeconomic research*

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

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

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

### ÜNLÜ & Co PUBLISHES A WIDE RANGE OF REPORTS TO SHARE ITS KNOW-HOW AND EXPERIENCE WITH CUSTOMERS.

#### Monthly Cherry Picks

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

#### Banking industry reports

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

#### Sector and company reports

It is a report featuring investment suggestions and detailed analyses on companies in the 15 sectors that we keep an eye on.



### **Market Oracle**

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

### **Macro Data Flash Note**

It is a report that analyzes the monthly-received macroeconomic data and shares the future forecasts regarding this data.

### **Istanbul Calling**

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

The total number of reports published by the Research Department in 2017 climbed to 240 with a 50% increase over the last year, excluding daily bulletins. In 2017, revenues generated by the research activities of ÜNLÜ & Co jumped 100% year-on-year to more than TL 800 thousand.

ÜNLÜ & Co Research Department also contributes to investor meetings and roadshows held for foreign institutional investors by preparing analysis and presentations. By end-2017, the Research Department reached 100 different investors and participated in promotional efforts during 255 one-on-one investor meetings.

The Research Department, together with the Institutional Sales, organized travel programs for foreign corporate fund managers who wanted to visit the Turkish public companies they keep a watch on from abroad. More than 200 company meetings were held during these investor visits organized for a total of 12 investor groups in 2017.

Under ÜNLÜ & Co's marketing activities in 2017, the Research Department organized the 4<sup>th</sup> Annual Turkish Banks' CEO Day in London, bringing together the CEOs of three major Turkish banks with foreign institutional investors. The conference attracted great interest from emerging market equity and debt funds based in Europe, US and Asia and the Research Department's analysts relayed their evaluations on the Turkish economy, major sectors and individual companies.

Due to the new public offerings planned for 2018, the Research Department is keen on enhancing the quantity and quality of its traditional reports and increasing the number of the sectors and companies that it keeps a watch on.

*Following the new IPOs in the market in 2018, the Research Department plans to broaden its product portfolio with more high-value economy reports while increasing the number of sectors and companies it covers.*



**240**  
Total  
Number  
of Reports



**INVESTMENT  
ROADSHOWS  
WERE ORGANIZED  
IN LONDON AND  
NEW YORK.**



**255**  
One-on-one  
Investor  
Meetings



**Suat Akdemir**  
*Acrylic on canvas, 2017*  
165x160cm



## DAHA INVESTMENT ADVISORY AND BROKERAGE SERVICES

Following the license renewal process completed in 2015, ÜNLÜ & Co established DAHA Investment Advisory and Brokerage Services Department in 2016. The department offers individual investors financial advisory and brokerage services for the capital markets. DAHA considers all financial needs in the field of investment banking as a whole. It provides tailor-made investment planning proposals, taking into account the risk profile, objectives, income-expenditure balance, and assets of qualified investors.

DAHA provides investment alternatives in a very large array, first of all structured debt instruments (SDI) and new generation principal-protected investment instruments, as well as fixed income mutual funds and hedge funds, equities (BIST), derivatives (VIOP), eurobonds, government and private sector bonds, warrant, leveraged foreign exchange (FX) and precious metals (CFD), and brokerage for equities and derivatives trading in overseas markets. In addition to the brokerage services, DAHA provides portfolio management to its qualified investors. Clients are also offered mutual funds managed by ÜNLÜ & Co under its individual portfolio management services, and various individually structured and diversified financial products under the company's private portfolio management services.

*With its rich experience in a wide range of services in the capital markets, ÜNLÜ & Co adopts a personalized brokerage service approach based on reliability and mutual gain.*



### DAHA

ÜNLÜ & Co established DAHA Investment Advisory and Brokerage Services Department.



### GUIDANCE TO INVESTMENT DECISIONS



Well-experienced investment advisory staff working in coordination with the Research Department



### SPECIALLY DESIGNED UTRADE WEB TRADING PLATFORM

*With the UTrade web trading platform, investors can access ÜNLÜ & Co's research reports, model portfolio, market calendar, investment strategy and company news.*

With its rich experience in a wide range of services in the capital markets, ÜNLÜ & Co adopts a personalized brokerage service approach based on reliability and mutual gain. Shaping its business with a proactive investment advisory approach, DAHA Investment Advisory and Brokerage Services Division continuously informs customers about local and global developments affecting capital market instruments, and guides them in their investment decisions.

Experienced investment advisory staff working close with the Research Department offer investors the opportunity to invest in many products on international markets, thanks to an investor-centered and market-focused approach.

### USER-FRIENDLY AND MODERN ONLINE BROKERAGE SERVICES

With the UTrade web trading platform specially designed for DAHA Investment Advisory and Brokerage Services, UTrade Mobile apps (iOS/Android) and UTrade Trading System Windows desktop apps, investors can quickly send their trading orders to Borsa İstanbul Equity Market (equities) and Derivatives Market (VIOP), perform cash and collateral transactions, and easily keep track of their portfolio and market data. Investors, aside from investment transactions over the UTrade platform, can access ÜNLÜ & Co's research reports, model portfolio, market calendar, investment strategy and company news.

### DAHA MICRO SITE

The DAHA microsite (daha.unluco.com) published in 2017 provides detailed information on all the products and services offered to individual investors under DAHA.

## UTRADE PRODUCT FAMILY

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

- Simple trade order transmission to equity and futures and option markets
- Transmission types of conditional orders, chain orders, park orders, and stop loss orders
- Cash transactions, funds (TEFAS), Derivatives Market collateral deposit/withdrawal transactions
- Screen for monitoring account portfolio, orders, past transactions
- Research reports, buy-sell recommendations, model portfolio
- BIST market data, news, company financial statements and statistics

### UTrade Mobile

- iOS and Android devices
- Easy equity, stock exchange investment funds, warrants, futures and options market transactions
- Live portfolio, cost and profit/loss
- Free real time BIST and VIOP market data and market news
- Personalized user interface for market watch with favorite lists
- Secure and fast entry with "Touch ID" technology

### UTrade Trading System

- Quick trade orders to equities, futures and options markets
- Easy monitoring BIST market data with customizable screens
- "Cockpit" interface designed for professional investors



**"COCKPIT"  
SCREEN  
DESIGNED FOR  
PROFESSIONAL  
INVESTORS**



**SIMPLE  
TRADE ORDER  
TRANSMISSION  
TO EQUITY  
AND FUTURES  
AND OPTION  
MARKETS**

*DAHA Investment Advisory and Brokerage Services provide qualified brokerage service to qualified investors with its highly experienced teams of brokers and modern online platforms in both domestic and international capital markets.*

## **GLOBAL MARKETS – UTRADEFX & UTRADE INTERNATIONAL**

DAHA Investment Advisory and Brokerage Services provide qualified brokerage service to qualified investors with its highly experienced teams of brokers and modern online platforms in both domestic and international capital markets. Under the brand UTradeFX, investors are offered buying-selling transaction services for forex parity pairs, precious metals including gold, silver, palladium and copper, indices and contract for difference (CFD) on equities and commodities. In addition to FX and CFD services, investors can instantly track international stock market data and easily trade in stocks and futures over global stock exchanges with UTrade International, ÜNLÜ & Co's platform reaching out to international markets.

## **WHERE TIME TURNS INTO EARNINGS: ÜNLÜ THE CLUB**

The YouTube channel ÜNLÜ THE CLUB is constantly enriched with new content by ÜNLÜ & Co 's well-experienced staff, and provides new generation products for individual investors, the most up-to-date sector analyses, finance agenda, and self-development opportunities for women entrepreneurs.

*Investors can instantly track international stock market data with UTrade International.*

# Asset Management Services

+

*ÜNLÜ Portföy is among Turkey's foremost portfolio management companies with its wide product range and investment management expertise.*



## ÜNLÜ PORTFÖY

Fund and Individual Portfolio Management  
Mutual Funds  
Hedge Fund Management

## ALTERNATIVE INVESTMENTS

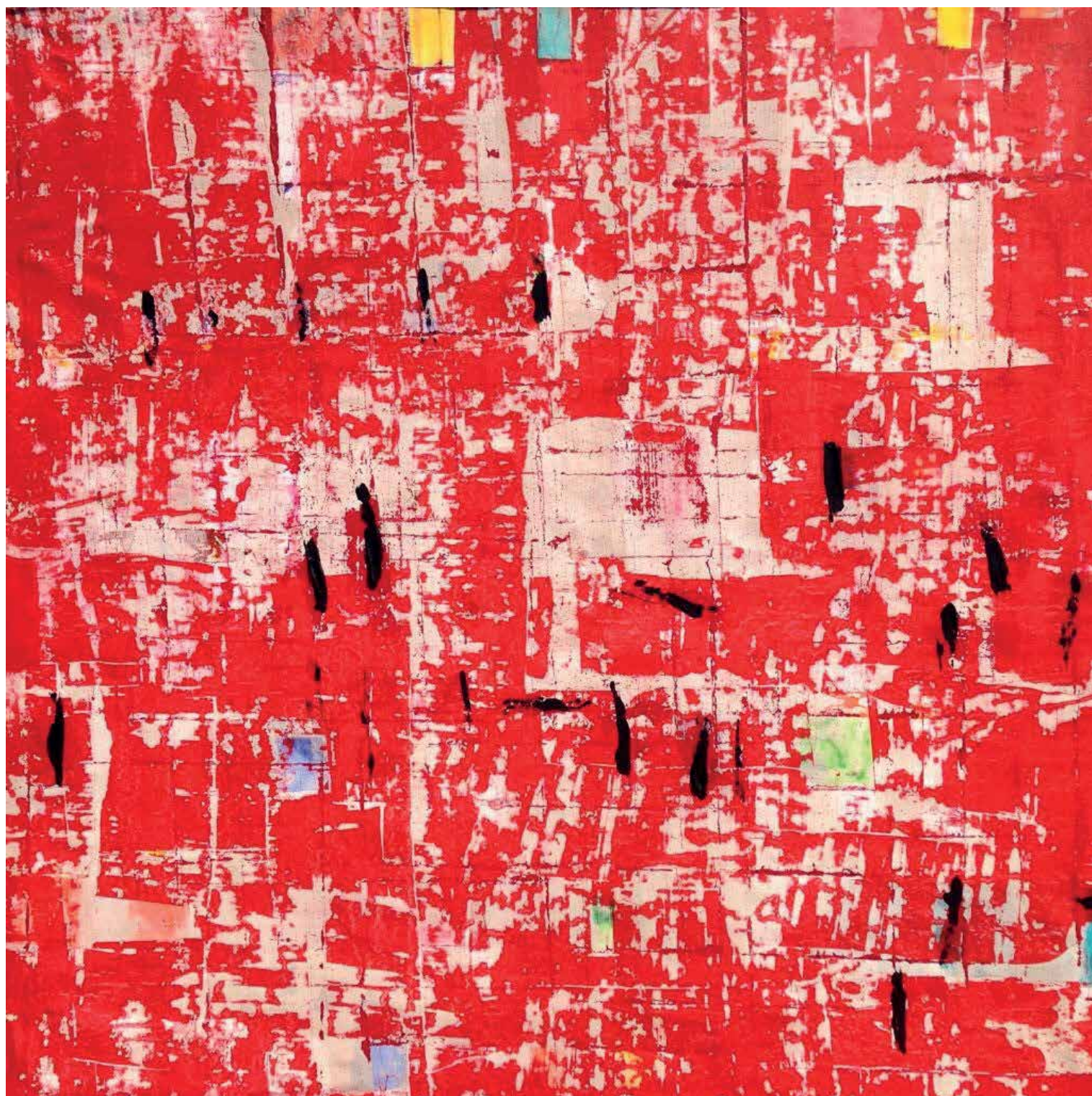
Non-Performing Loan (NPL) Management  
ÜNLÜ Alternative Assets  
212 Capital-Technology Fund

*powered by diversity...*

**Suat Akdemir**

*Acrylic on canvas, 2016*

*155x150cm*



## PORTFOLIO MANAGEMENT

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

### A VAST PRODUCT RANGE MANAGED BY SPECIALIZED PROFESSIONALS

In 2017, in line with ÜNLÜ & Co's strategic objectives, ÜNLÜ Portföy continued to develop its client base, particularly targeting select individual and institutional investors.

ÜNLÜ Portföy aims to provide high value added, privileged portfolio management services in line with investors' risk-return preferences and their investment horizon. The company will enrich its product range with Variable (multi-asset) Funds, Equity fund, Eurobond fund with TL and USD fund pricing, global allocation and Islamic asset based products.

In 2017, ÜNLÜ Portföy established real estate investment funds it believes to have importance for Turkey's economy and the real estate sector as well. In this respect, ÜNLÜ Portföy First Real Estate Investment Fund provides the contractors with liquidity opportunities, while offering its investors a high return possibility without the burden of buying, selling, maintaining and renting real estate. First Real Estate Investment Fund added 35 apartments from the Nidapark Küçükalyalı project, constructed by Tahincioğlu under Emlak Konut REIT guarantee, thus allowing investors the chance to invest in housing as well.

*ÜNLÜ Portföy established real estate investment funds it believes to have importance for Turkey's economy and the real estate sector as well as the investors.*



**TURKEY'S  
LEADING ASSET  
MANAGEMENT  
COMPANY**



**OFFICE SPACE  
INVESTMENT  
AT DISCOUNT  
PRICES**

*In 2017, in line with ÜNLÜ & Co's strategic objectives, ÜNLÜ Portföy continued to develop its client base, particularly targeting selective individual and institutional investors.*

ÜNLÜ Portföy Second Real Estate Investment Fund invested in 10 office sections from the Maslak 42 project so as to give investors the chance to invest in office space at discount prices.

### HIGH RETURN

Multi asset funds that ÜNLÜ Portföy established are suitable for investors aiming to beat term deposits with three to six months investment period. Funds aim at higher returns than term deposits with comparable risk and volatility profiles.

The Third Variable Fund administered by ÜNLÜ Portföy successfully achieved its target of return higher than the deposit interest rate, by providing 14.77% deposit equivalent return in 2017.

**WITH ITS PROACTIVE MARKETING STRATEGIES, ÜNLÜ PORTFÖY WILL BRING ITS INNOVATIVE PRODUCTS AND SERVICES TO A WIDER CUSTOMER BASE.**

ÜNLÜ Portföy has widened its product range by introducing new financial instruments in 2017. In 2018, in order to promote new financial products and expand its client base, the company aims to increase its marketing efforts.



## The Art of Investment Banking

### ÜNLÜ PORTFÖY INVESTMENT PRODUCTS

Type of Investment Instrument	Name of Investment Instrument	Investment Strategy
Variable Funds	First Variable Fund (SUA)	The Fund aims to provide stock market investors a high yield by taking advantage of the long-term growth potential of the Turkish economy.
	Second Variable Fund (SUB)	These funds invest in fixed income securities including government and corporate bonds, in both TL and foreign currencies.
	Third Variable Fund (SUC)	These funds invest in fixed income securities including government and corporate bonds, in both TL and foreign currencies.
Hedge Funds	Second Hedge Fund (UOS) "Regional Opportunities Fund"	The fund aims to take advantage of the opportunities presented by Iran's reengagement with the global economy. The fund seeks to achieve capital growth through investment in an actively managed portfolio of Iranian fixed income securities and equities, fully in compliance with OFAC rules and limitations.
	Absolute Return Hedge Fund (USY)	The Fund aims to generate absolute return under all market conditions with a flexibility to benefit from the market in both directions by taking long/short positions. The Fund also aims to create additional returns (if and when favorable circumstances arise) through restructurings, distressed assets, securitization, etc.
	Fourth Hedge Fund "External Debt Fund (UPD)"	The fund aims to create absolute return in USD by investing in fixed income assets, i.e. both Turkish and foreign government and private sector debt instruments, denominated in local and foreign currencies (USD and EUR).
Real Estate Investment Fund	First Real Estate Investment Fund (UPG)	"The Fund aims to benefit from restructurings and dislocations in the local real estate sector with a medium term perspective.
	Second Real Estate Investment Fund (UG2)	It is a suitable fund for qualified investors interested in real estate investment, especially office projects, but unwilling to be involved in transactions such as real estate buying and selling, maintenance and lease.

***Suat Akdemir***  
*Acrylic on canvas, 2017*  
*165x150cm*





## NON-PERFORMING LOAN MANAGEMENT

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

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

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

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

## İSTANBUL VARLIK

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

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

İSTANBUL Varlık currently manages two corporate and 20 retail/SME NPL portfolios with over TL 260 million investments to date.

İSTANBUL Varlık, one of the most active players in the NPL sector, acquired three new retail and one corporate NPL portfolios in 2017 and the company now manages 22 NPL portfolios. As of end-2017, İSTANBUL Varlık manages a total unpaid principal balance of TL 2 billion and services around 330 thousand clients.

### 2018 TARGETS

In the year 2017, when there was intense NPL sales, İSTANBUL Varlık purchased four new portfolios and plans to continue its highly profitable portfolio investments in 2018.



**330 THOUSAND**

Number of  
İSTANBUL  
Varlık's NPL  
portfolio  
customers



**22**

Number of  
Portfolios  
Acquired by  
İSTANBUL  
Varlık

*İSTANBUL Varlık currently manages two corporate and 20 retail/SME NPL portfolios with over TL 260 million investments to date.*

## PLATO FİNANSAL

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

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

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

By the end of 2017, PLATO Finansal executed collection transactions – including credit card debts, overdraft accounts, vehicles, mortgage, consumer and micro-SME loans – of 20 NPL portfolios acquired from 11 different banks.

PLATO Finansal boasts a balanced intra-Group and non-Group portfolio collection performance. Until recently, 95% of the company's revenues stemmed from the intra-Group services. As of end-2017, breakdown of intra-Group and non-Group portfolio revenues was 75% and 25%, respectively.

Often referred to as the school of the NPL sector, PLATO Finansal is committed to training its employees and constantly invests in this key area. As of year-end 2017, PLATO Finansal provided 104 hours of Beginner Training per person to 98 employees, and 80 hours of In-House Training per person to 140 employees. In addition to this, about 72 hours of management skills training was given to 55 senior and medium level managers.

With the infrastructure work completed in 2017 and the positive contribution of investments in human resources, PLATO Finansal boosted its employee productivity. The effect of improved employee productivity is positively reflected in PLATO Finansal's financial results.

### 2018 TARGETS

PLATO Finansal aims to increase its profit in a balanced manner by increasing the number of intra-group and non-group NPL portfolios it manages, increasing its profit and decreasing its expenses in 2018.

## DUFDAS

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

DUFDAS provides the collection management of corporate and commercial NPL portfolios acquired by İSTANBUL Varlık, and provides advisory and collection services to domestic and overseas firms.

DUFDAS continues to raise its brand value with its experience, effective strategies it has implemented and the successful collection performance it has demonstrated since its establishment.

DUFDAS took over the management of two new portfolios purchased by İSTANBUL Varlık in 2017, and the size of the portfolio under its management reached TL 450 million.

Developing tailor-made strategic solutions for each customer, DUFDAS also provides administrative and operational support to ÜNLÜ Group companies.

In 2018, DUFDAS plans to expand its workforce and increase the collection portfolio it manages.



**TL 450  
MILLION**

Portfolio  
managed by  
DUFDAS



**PLATO FINANCIAL  
ATTACHES  
SPECIAL  
IMPORTANCE  
TO EMPLOYEE'S  
TRAINING.**

*Developing tailor-made strategic solutions for each customer, DUFDAS also provides administrative and operational support to ÜNLÜ Group companies.*



***Suat Akdemir***  
*Acrylic on canvas, 2017*  
*165x160cm*

## ÜNLÜ ALTERNATIVE ASSET MANAGEMENT

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

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

- ŞOK, acquired together with Yıldız Holding in 2011, continued its robust growth in 2017. With the completion of its infrastructure investments, the company is moving rapidly towards its goal of becoming a leading retailer in Turkey. ŞOK added 1,100 stores to its network in 2017, increasing the total store number to around 5,100 in Turkey.
- After an initial minority investment in Golf Dondurmaları in 2011, Fund I increased its stake to 55%\* in 2015. Following the change in ownership, the company has been progressively improving its operational performance.

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

ÜNLÜ Alternatives' third fund, ÜNLÜ Long Term Investments (ULTI), was established through a partnership between ÜNLÜ & Co and a globally renowned trust in 2014. The total commitment size for ULTI is USD 105 million.

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

As of the end of 2017, the investment amount of this fund has reached approximately USD 85 million.

Operating with a team of nine employees, ÜNLÜ Alternatives continued its robust growth in 2017 in line with the portfolio companies under these investment funds.

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

## 212 CAPITAL PARTNERS

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

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

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



Fund I realized investments above USD 100 million.



**USD 105 MILLION**  
ULTI's fund volume

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

# Treasury

+

*Treasury Department has access to a wide variety of investment resources thanks to the rich know-how of ÜNLÜ & Co.*

+

ÜNLÜ & Co has restructured its Treasury Department in 2017 in line with the perspective of obtaining an investment banking license. The main objective of the department is to efficiently manage the group's balance sheet and develop products suited to the needs of the group's clients and departments.

ÜNLÜ & Co Treasury Department's main goals are as follows:

- Effective asset-liability management in line with company strategies,
- Finding alternative investment and funding channels by monitoring the markets,
- Developing new products,
- Optimizing risks and costs,
- Keeping track of statutory obligations.

The Treasury Department has access to a wide variety of investment resources thanks to ÜNLÜ & Co's long-standing experience in financial markets. With its efficient capital management perspective, the department invests in a wide

variety of capital market instruments mostly based on Turkish underlying assets, in parallel with the Group's market view and balance sheet composition. The department is active in the following products:

- Fixed income (Local and external sovereign and corporate debt),
- Money markets, repo / reverse repo,
- VIOP derivatives,
- Listed and OTC derivatives on most of the asset classes (Rates, FX, equities),
- Structured products,
- Foreign exchange.

The department will continue to develop innovative products in coordination with the Group's other departments, especially DAHA.

ÜNLÜ & Co's swift decision making capabilities, extensive know-how and strong relationships with both local and international counterparties enables the department to differentiate itself. The strong relationships the Company has established with its numerous business partners both domestically and abroad are another important element increasing the Treasury Department's investment options and value creation ability.

The Treasury Department will continue to work for contributing to the profitability and effectiveness of ÜNLÜ & Co in line with its targets in 2018.



**HIGH  
CAPACITY  
OF VALUE  
CREATION**



**SWIFT  
DECISION  
MAKING  
PROCESSES**

*trust based on experience...*



**Suat Akdemir**

*Acrylic on canvas, 2016*

170x165cm



# Human Resources

+

*ÜNLÜ & Co is fully aware that the most important capital that will help reach its targets is the highly skilled workforce.*

+

In line with the general vision of ÜNLÜ & Co, the Human Resources Department shapes its activities with the mission of creating the most attractive workplace among the financial institutions within the region, Human Resources policies such as performance management, training, compensation and benefits are constantly updated, and an equitable work atmosphere sensitive to employees' needs and demands is created.

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

ÜNLÜ & Co Promotion Committee was established in 2016 in order to objectively evaluate the contribution of ÜNLÜ & Co employees to the Company and reward superior performance. The Promotion Committee consists of the members of the Board of Directors, the Human Resources Director, the relevant Department Manager, and the Managing Directors of the Group. In this respect, it is ensured that promotions are carried out in a fair manner, with due consideration of criteria such as professional experience, behavior in line with Company values, performance targets and competence level.



## **FAIR TALENT MANAGEMENT**

Being fully aware that attracting, developing and retaining professional talents can only be possible through solid human resources practices, the Human Resources Department supports ÜNLÜ & Co's talent strategy with a high quality HR infrastructure. The company has been using the ORACLE HR program since 2016. Employees can access all relevant information in the system such as personnel data, annual leave, performance management, and payroll.

The Human Resources Department creates development opportunities for ÜNLÜ & Co employees through programs designed for different phases of their career, which improve employees' competencies, strengthen their motivation and loyalty, and increase job satisfaction and productivity.



## **HIGH QUALITY HR INFRASTRUCTURE**

### **EMPLOYEES ARE OUR MOST IMPORTANT STAKEHOLDERS**

Viewing all of its employees as also its stakeholders, ÜNLÜ & Co offers them deferred compensation plans, where employees can get company shares and stock options. Thanks to this plan that enables partnership with the company, ÜNLÜ & Co aims to grow together with its employees.

*expert staff privileges...*

**Suat Akdemir**

*Acrylic on canvas, 2017*

*170x165cm*



### LEADERSHIP COACHING PROGRAM

Being aware that the most crucial drivers for corporate-wide positive change are its executives and leaders, our Human Resources Department launched the Leadership Coaching Program in 2016 to carry the leadership qualities of ÜNLÜ & Co executives to the forefront.

ÜNLÜ & Co Leadership Coaching Program aims to improve the coaching competencies of the top management members, thereby creating high-performance teams that work in harmony and spreading a common management culture throughout the company. The program launched with the support of Board Members reached a broader scope by the end of 2017, where a professional coach started to meet on a regular basis with members of ÜNLÜ & Co management who wants to participate in the program.

### EMPLOYEE TRAININGS

In order to maintain a sustainable growth, ÜNLÜ & Co supports and encourages its employees to be well-rounded, open-minded individuals who go well beyond meeting the needs and expectations of clients. For this end, a significant part of annual employee cost is allocated as the training budget. The training programs designed and implemented by the Human Resources Department are aimed to improve employee competencies through continuous training and development.

In 2017, as part of the ÜNLÜ & Co Learning and Development Program, employees with outstanding performance attended training programs at respectable accredited institutions.

In addition to these trainings, financial support is provided to employees for compulsory trainings, certificates and licenses to improve their on-the-job performance.

*In 2017, as part of the ÜNLÜ & Co Learning and Development Program, employees with outstanding performance attended training programs at respectable accredited institutions.*



**THE LEADERSHIP COACHING PROGRAM IS LAUNCHED.**



Intern students gain experience at the relevant departments of the Company.

*The Management Trainee Program at ÜNLÜ & Co is an ambitious platform designed to equip new graduates with a unique skill set.*

### MANAGEMENT TRAINEE (MT) PROGRAM

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

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

The Program mainly intends to support a selected group of new graduates with a career ambition in finance and investment banking by designing a career path to fit each individual's strengths and aspirations.

In addition to the three MTs who joined the program in 2016, four more individuals participated in the MT 2017 Program. MTs graduated from schools such as London School of Economics and London Business School, New York University, Virginia, Purdue ve Cornell; and also Koç, Sabancı, Boğaziçi Universities and other leading educational institutions in Turkey and abroad.

Some of the Management Trainees who had previously completed the program successfully were hired into full-time roles within ÜNLÜ & Co team.

### INTERNSHIP PROGRAM FOR UNIVERSITY STUDENTS

ÜNLÜ & Co has been consistently implementing the internship program since 2014. In cooperation with the best universities of Turkey, ÜNLÜ & Co provides internship opportunities in group companies for third and fourth grade university students.

Intern students gain significant experience at relevant departments within the Company.

Seventeen students completed their internships at Group companies in 2017, among those 41% study at Koç, 12% at Boğaziçi, 24% at overseas universities and 24% at other prestigious Turkish universities. Eleven intern students with outstanding performance were offered full-time jobs at ÜNLÜ & Co after their graduation.

#### ÜNLÜ & Co EMPLOYEE PROFILE

The number of employees at ÜNLÜ & Co reached 350 at the end of 2017, including young talents as well as those with long professional experience in investment banking and asset management business

Of ÜNLÜ & Co employees:

- 51% are female, 49% are male.
- The average age is 37.
- The average seniority period is five years.

Of the employees working at strategic units of ÜNLÜ & Co, 88% have Bachelor's and Master's degrees from the leading educational institutions of Turkey and the world.

The Company management supports increased participation of women in business life, therefore a conscious effort is put forth to ensure gender equality in recruitment and female candidates are given preferential treatment in placements made for vacant positions. In line with this policy, female candidates accounted for 49% of all recruitments in the Group since the beginning of 2017.

At ÜNLÜ & Co's strategic departments, the ratio of women at the manager and above positions had risen to 41%, while women account for 51% of all employees in ÜNLÜ & Co companies.

*ÜNLÜ & Co's workforce includes highly experienced professionals in investment banking and asset management, as well as talents at their early career.*

*At ÜNLÜ & Co's strategic departments, the ratio of women at manager and above positions had risen to 41%, while women account for 51% of all employees in ÜNLÜ & Co companies.*



**350+**

Number of employees at ÜNLÜ & Co



**88%**

Percentage of employees with a Bachelor's or Master's degree

# Corporate Social Responsibility

+

*ÜNLÜ & Co aims to create value for society through the social responsibility projects that it develops and supports.*

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

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

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

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

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

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



**SPONSORSHIP  
FOR  
UNIVERSITY  
STUDENT  
SCHOLARSHIPS**

## **ENTREPRENEURSHIP**

### **TURKISH ENTREPRENEURSHIP FOUNDATION (GİRVAK)**

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

In Girvak's Fellow Program, which brings young people together with entrepreneurs, young people are inspired by entrepreneurship role models, participate in various entrepreneurial activities and expand their network. The objective of the Fellow Program is to help the youth open their own path and leave their stamp. In the first year of its establishment, Girvak received 6,400 applications, followed by 30,000 applications in the second year. In the year 2017, Girvak collected 94,000 applications from in Turkey's 81 provinces and currently has 80 Fellows and 96 Alumni from 32 universities. As of today, 30 start-ups are active under the umbrella of the Girişimcilik Vakfı. The Entrepreneurship Foundation is spreading the culture of giving back to society and generating information on specific topics by implementing different projects other than the Fellow Program.

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

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

*a pioneer of entrepreneurship...*

**Suat Akdemir**

*Acrylic on canvas, 2016*

*165x160cm*



**ENDEAVOR ASSOCIATION**

Endeavor is a non-governmental organization founded in 1997 to support active entrepreneurs in order to contribute to economic development. With offices all over the world, Endeavor established the Turkey Office in December 2006. Through this international network; in Turkey and in 25 different countries, active entrepreneurs who will run the great businesses of tomorrow receive private mentorship from the mentor network as well as help to clarify their strategic direction and improve their business models. In addition, they gain access to the specialists, markets and funding sources, which they need in order to reach their growth targets. Having celebrated its 10<sup>th</sup> anniversary in Turkey, Endeavor Association has selected 88 active entrepreneurs representing a total of 58 companies since 2007, and still actively gives extensive support to 30 entrepreneurs. Endeavor has helped entrepreneurs achieve an annual growth rate of 45%, contributing to the generation of an overall turnover of USD 425 million, and employment for 3,800 people.

**SUPPORT FOR WOMEN**

**HEFORSHE**

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

ÜNLÜ & Co believes that women’s economic activity should be enhanced for sustainable growth and social well-being and focuses its social responsibility perspective on women’s problems and support for women in all areas. The Company figured among the “HeForShe” supporters of UN Women’s Empowerment Principles in 2016.

ÜNLÜ & Co expressed the happiness in contributing to raising gender equality awareness and strengthening the women in the economic field and added that “The support of the private sector is of great importance for the empowerment of women. At ÜNLÜ & Co, we attach huge importance to women’s participation in the workforce and work to raise awareness on this issue. Since the men’s employment ratio in our sector is much higher than that of women, along with many other private companies we believe that women will be strengthened through such initiatives and are proud to be part of such a global movement.”



**SUPPORT FOR THE ENDEAVOR ASSOCIATION**



**TRAINING TO 100 WOMEN ENTREPRENEURS**

UN Women’s Empowerment Principles

ÜNLÜ & Co, which has signed the UN Principles of Women’s Empowerment, has committed itself to 7 main issues in this scope:

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

**ÜNLÜ & Co WOMEN ENTREPRENEURS ACADEMY**

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

Senior management, primarily the Chairman of the Board of Directors Board Members guide women to empower them in the economic arena and in their contribution to the economy, by sharing its knowledge and experience with the younger generations who are either in the process of realizing their business ideas or have an existing enterprise.

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

ÜNLÜ & Co has encouraged women to participate in business life by graduating 40 women to date from its Women Entrepreneurs Academy, which celebrates its second year.

Since its foundation, ÜNLÜ & Co has given priority to supporting women’s participation in business life at every echelon of its Group companies. In the recruitment and promotion processes, a positive approach is taken to ensure equal conditions for female employees. In the future, the Company will continue to support women in all areas and raise awareness on this issue.



### **WOMEN IN THE BOARD OF DIRECTORS**

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

Contributing to this program for three years, Mahmut L. Ünlü continues also this year to carry out monthly mentoring activities with the assigned mentee.

ÜNLÜ & Co Managing Director of Corporate Coverage Mrs. Banu Köker started to work with Alarko Holding Chairman İzzet Garih within the scope of Mentor-Mentee Program.

### **SUPPORT FOR EDUCATION**

#### **KOÇ UNIVERSITY ANATOLIAN SCHOLARS PROGRAM**

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

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

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

#### **ROBERT COLLEGE SCHOLARSHIP PROGRAM**

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

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

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

#### **THE DUKE OF EDINBURGH FELLOWSHIP PROGRAM**

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



#### **SUPPORT TO ANADOLU SCHOLARSHIP PROGRAM**



#### **CONTRIBUTION TO KORUNCUK FOUNDATION**

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

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

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

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

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

We engage in philanthropic activities through the “ADIM ADIM” project, by contributing to the education, health and care spending for 153 children under protection at Koruncukköy Bolluca. Furthermore, we support the construction phase of the Koruncukköy Urla Children’s Village in the Urla district of İzmir.

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

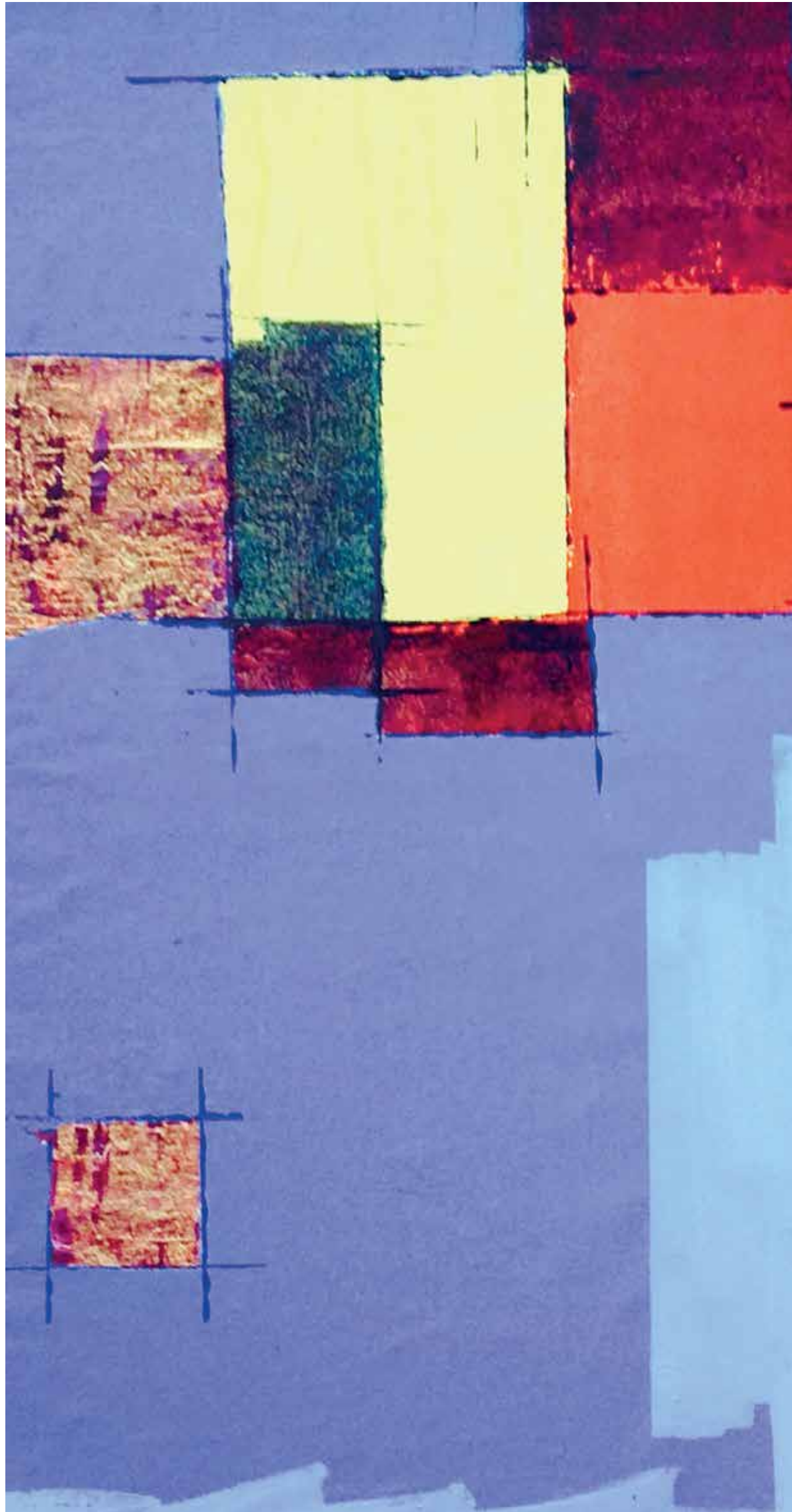
#### **ÜNLÜ & Co CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

In 2016, ÜNLÜ & Co Corporate Social Responsibility Committee was established with the support of the Company upon request from its employees. Employees continued to take part in selected projects as a committee in 2017.

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

On top of the corporate support given in 2017, ÜNLÜ & Co employees engaged in philanthropic work for NGOs such as Koruncuk, Spinal Cord Injury Association of Turkey (TOFD) and Down Syndrome Turkey.

*ÜNLÜ & Co has encouraged women to participate in business life by graduating 40 women to date from its Women Entrepreneurs Academy, which celebrates its second year.*



**Suat Akdemir**  
*Acrylic on canvas, 2016*  
175x170cm



# ÜNLÜ Yatırım Holding Board of Directors



**MAHMUT L. ÜNLÜ**  
Chairman



**CAN ÜNALAN**  
Deputy Chairman



**ŞEBNEM KALYONCUOĞLU ÜNLÜ**  
Board Member



**İBRAHİM ROMANO**  
Board Member



**SELÇUK TUNCALI**  
Board Member

### **MAHMUT L. ÜNLÜ**

Chairman

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

### **CAN ÜNALAN**

Deputy Chairman

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

### **ŞEBNEM KALYONCUOĞLU ÜNLÜ**

Executive Board Member

After graduating from the Boğaziçi University Business Administration Department in 1995, Şebnem Kalyoncuoğlu Ünlü received her master's degree in International Accounting and Finance from the London School of Economics in 1996. Ünlü started her career at ABN AMRO Bank in Turkey, and served as Assistant Manager in the Structured Finance Unit of the Bank between 1996 and 1999. Joining Credit Suisse London in 1999, Ünlü assumed a role in charge of Turkey within the Emerging Markets Division. She served as Country Manager and Head of Investment Banking for Turkey at Credit Suisse London until 2006. Subsequently, Ünlü worked as Alkhair Capital Turkey's CEO. Şebnem Kalyoncuoğlu Ünlü is a currently member of ÜNLÜ & Co Board of Directors.

Şebnem Kalyoncuoğlu Ünlü, who is a member of TÜSİAD, YPO and Board of Trustees of Turkish Entrepreneurship Foundation (Girvak), also assumes role at SAHA and the Tate Modern MENA Committee. Şebnem Kalyoncuoğlu Ünlü also manages corporate social responsibility projects of the Company; particularly the "Women Entrepreneurs Academy" which aims to strengthen the entrepreneurial ecosystem in Turkey, and to support more women participating in the business world.

### **İBRAHİM ROMANO**

Member

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

### **SELÇUK TUNCALI**

Member

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

# ÜNLÜ Menkul Değerler Board of Directors



**MAHMUT L. ÜNLÜ**  
Chairman



**CAN ÜNALAN**  
Deputy Chairman



**ATTILA KÖKSAL**  
CFA - Board Member



**ZAFER ONAT**  
Board Member

### **MAHMUT L. ÜNLÜ**

Chairman

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

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### **ATTILA KÖKSAL**

CFA - Board Member

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

### **ZAFER ONAT**

Board Member

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

# Executive Management



**FROM LEFT TO RIGHT**

Utku Özay (ÜNLÜ Alternatives Managing Director), Batur Özyar (Institutional Sales & Trading Managing Director), Ayşe Akkın (Debt Capital Markets & Advisory Managing Director), Erdem Selim (Debt Capital Markets & Advisory Managing Director), Kağan Çevik (Equity Capital Markets Managing Director), Tunç Yıldırım (Institutional Sales & Trading Managing Director), Murat Gülkan (Strategy & Product Development Managing Director)

**RIGHT PAGE FROM LEFT TO RIGHT**

Uygar Aksoy (Treasury Department Managing Director), Tuncay Kuli (Chief Operations Officer), Kerem Göktan (ÜNLÜ Alternatives Managing Director), Simge Ündüz (Corporate Finance Managing Director), Tuncer Kılıç (Plato Finansal Danışmanlık General Manager), Tolga Güsar (ÜNLÜ Portföy General Manager), Burak Dedeler (ÜNLÜ Alternatives Managing Director), Mehmet Sezgin (Corporate Finance Managing Director)



## The Art of Investment Banking



### **BELOW LEFT FROM LEFT TO RIGHT**

Vedat Mizrahi (Research Managing Director), Esra Korkmazarslan (DUFDAŞ General Manager), Can Ünalın (ÜNLÜ & Co Deputy Chairman and ÜNLÜ Menkul Değerler A.Ş. General Manager), Gamze Akgüney (DAHA Investment Advisory Managing Director), Attila Köksal (ÜNLÜ Menkul Değerler A.Ş. Executive Board Member), Banu Köker (Corporate Coverage Managing Director)

### **LEFT FRONT ROW FROM LEFT TO RIGHT**

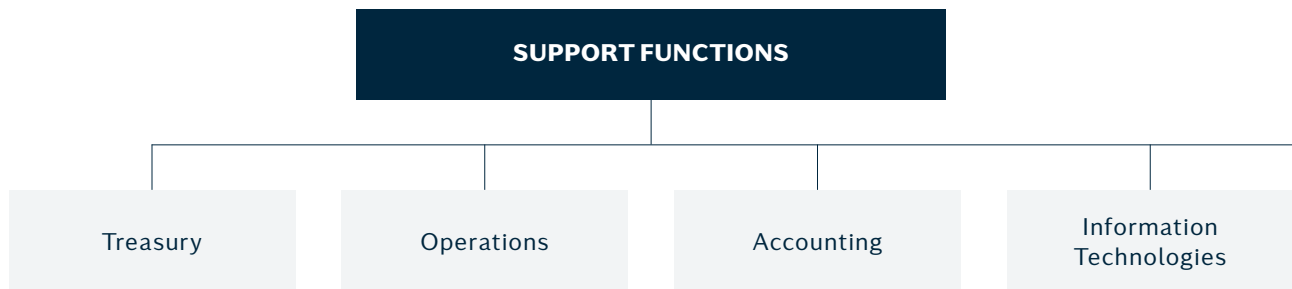
Selçuk Tuncalı (ÜNLÜ & Co Board Member and İSTANBUL Varlık General Manager), Şebnem Kalyoncuođlu Ünlü (ÜNLÜ & Co Executive Board Member), Mahmut L. Ünlü (ÜNLÜ & Co Chairman and CEO), Sema Argın (İSTANBUL Varlık Assistant General Manager), İbrahim Romano (ÜNLÜ & Co Board Member and Corporate Finance Managing Director)

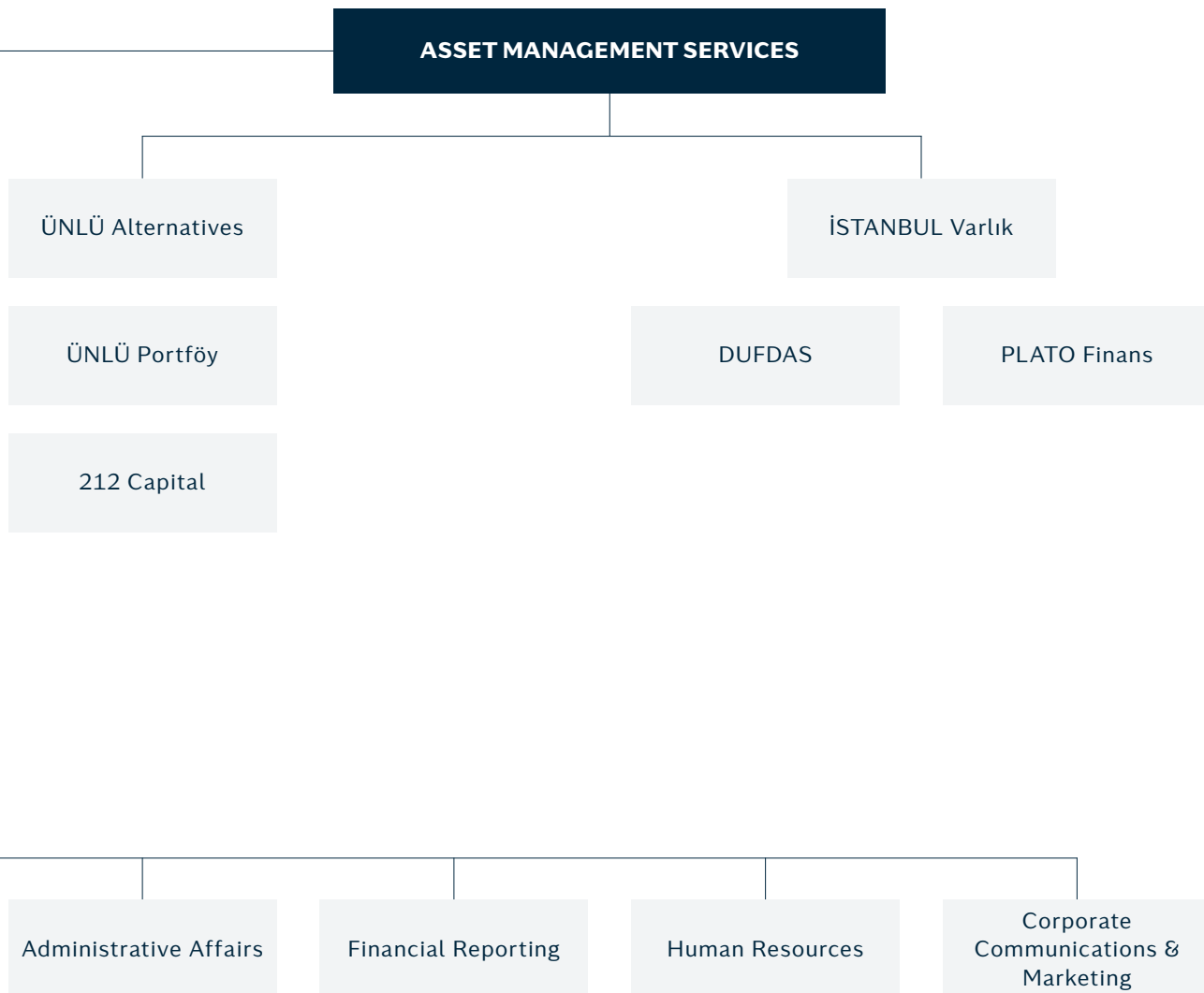
**Suat Akdemir**  
*Acrylic on canvas, 2017*  
165x160cm





# Organization Chart





# Corporate Governance and Risk Management Policies



*An honest and reliable business partner...*

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

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

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

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



Ensuring the effective management and supervision of compliance risk is under the ultimate authority and responsibility of the Board of Directors.



ÜNLÜ & Co established an organizational structure appropriate for preventing potential conflict of interests and has taken the necessary administrative measures.

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

## ÜNLÜ & Co GROUP STAFF

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

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

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

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

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



ÜNLÜ & Co Occupational Health and Safety Policy, which covers standards for health and safety requirements, is in force.

*The occupational health and safety of employees is a priority for us. ÜNLÜ & Co aims to identify and reduce the probabilities of accidents or injuries in all of its operations.*



**Suat Akdemir**  
Acrylic on canvas  
Wall installation 18x2,80m  
ÜNLÜ & Co Polaris Plaza Maslak, 2017



*Suat Akdemir*  
*İz'An, 2017*





Ünlü Yatırım Holding A.Ş.  
and  
Its Subsidiaries

*Consolidated Financial Statements as at and  
for the Year Ended 31 December 2017  
with Independent Auditors' Report Thereon*

2 April 2018

This report contains 3 pages of independent auditors'  
report and 54 pages of consolidated financial statements  
and notes to the consolidated financial statements



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## INDEPENDENT AUDITOR'S REPORT

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

### A) Audit of the consolidated Financial Statements

#### **Opinion**

We have audited the consolidated financial statements of Ünlü Yatırım Holding A.Ş. ("the Company" or "Ünlü Yatırım Holding") and its subsidiaries (together will be referred to as "the Group") which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the 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 2017 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Accounting Standards ("TAS").

#### **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 those standards 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 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.

#### **Other Matter**

The consolidated financial statements of the Group for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 31 March 2017.



***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 TAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

***Auditor's Responsibilities for the Audit of the consolidated Financial Statements***

Responsibilities of auditors in an audit are as follows:

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

#### **B) Other Legal and Regulatory Requirements**

- 1) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2017, 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

2 April 2018  
İstanbul, Türkiye

# The Art of Investment Banking

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# Ünlü Yatırım Holding A.Ş.

## Consolidated Statement of Financial Position as at 31 December 2017

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

		Audited Notes 31 December 2017	Audited 31 December 2016
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	207,942,685	182,634,631
Financial investments	6	22,316,007	30,375,230
Derivatives instruments	29	118,461	--
Trade receivables	8	155,105,187	135,090,604
- Trade receivables due from related parties	4	620,081	192,587
- Trade receivables due from other parties	8	154,485,106	134,898,017
Other receivables	9	21,345,672	34,121,776
- Other receivables due from related parties	4	317,516	155,186
- Other receivables due from other parties	9	21,028,156	33,966,590
Current income tax assets	26	533,998	57,919
Prepaid expenses	10	953,154	894,293
Other current assets	11	1,123,638	1,321,394
Assets held for sale	12	2,859,441	2,859,441
<b>TOTAL CURRENT ASSETS</b>		<b>412,298,243</b>	<b>387,355,288</b>
<b>Non-current assets</b>			
Financial investments	6	1,517,254	1,982,066
Investments accounted through equity method	7	67,079,257	35,338,101
Other receivables	9	82,857	80,331
Property and equipment	15	3,843,443	3,341,469
Intangible assets		30,622,717	30,983,983
- Goodwill	16	29,198,326	29,198,326
- Other intangible assets	16	1,424,391	1,785,657
Deferred tax assets	26	4,747,432	4,145,621
<b>TOTAL NON-CURRENT ASSETS</b>		<b>107,892,960</b>	<b>75,871,571</b>
<b>TOTAL ASSETS</b>		<b>520,191,203</b>	<b>463,226,859</b>

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



# Ünlü Yatırım Holding A.Ş.

## Consolidated Statement of Financial Position as at 31 December 2017

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

	Notes	Audited 31 December 2017	Audited 31 December 2016
<b>LIABILITIES</b>			
Short term liabilities			
Short term liabilities	13	152,504,905	117,676,281
- Short term liabilities due to related parties	4	16,254,868	9,955,929
- Short term liabilities due to other parties	13	136,250,037	107,720,352
Other financial liabilities	14	--	2,658,685
Trade payables	8	82,560,178	88,516,754
- Trade payables due to related parties	4	35,615,313	74,405,832
- Trade payables due to other parties	8	46,944,865	14,110,922
Other payables	9	7,000,345	5,459,211
- Other payables due to related parties	4	75,963	156,708
- Other payables due to other parties	9	6,924,382	5,302,503
Current income tax liabilities	26	994,108	504,718
Short term provisions		8,741,626	8,772,110
- Provisions	17	1,229,408	1,064,250
- Provisions for employee benefits	19	7,512,218	7,707,860
Other short term liabilities	11	583,446	171,381
<b>TOTAL SHORT TERM LIABILITIES</b>		<b>252,384,608</b>	<b>223,759,140</b>
<b>Long term liabilities</b>			
Long term liabilities	13	64,055,424	67,564,388
- Long term liabilities due to related parties	4	28,624,693	30,374,381
- Long term financial liabilities due to other parties	13	35,430,731	37,190,007
Long term provisions		1,637,521	2,065,407
- Provisions for employee benefits	19	1,637,521	2,065,407
Deferred tax liabilities	26	17,768,649	12,113,489
<b>TOTAL LONG TERM LIABILITIES</b>		<b>83,461,594</b>	<b>81,743,284</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Equity attributable to owners of the parent</b>		<b>184,466,721</b>	<b>159,074,671</b>
Share capital	20	37,960,531	37,663,341
Repurchased shares	20	--	(88,204)
Share premium	20	75,239,607	72,966,880
Other comprehensive expenses that will not be reclassified to profit or loss		344,288	(184,699)
- Remeasurement losses of defined benefit plans	20	344,288	(184,699)
Other comprehensive income that will be reclassified to profit or loss		21,800,015	17,747,221
- Currency translation differences	20	20,713,980	16,801,732
- Revaluation gain on available for sale financial assets		1,086,035	945,489
Retained earnings	20	29,299,432	26,104,299
Net income for the period	20	19,822,848	4,865,833
<b>Non-controlling interests</b>	<b>31</b>	<b>(121,720)</b>	<b>(1,350,236)</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>184,345,001</b>	<b>157,724,435</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>520,191,203</b>	<b>463,226,859</b>

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

# Ünlü Yatırım Holding A.Ş.

## Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2017

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

	Notes	Audited 1 January – 31 December 2017	Audited 1 January – 31 December 2016
<b>PROFIT OR LOSS</b>			
Sales		1,278,839,343	2,055,770,072
- Sales	21	1,176,159,188	1,969,295,227
- Service income	21	102,751,964	97,162,697
- Deductions from services income (-)	21	(71,809)	(10,687,852)
Cost of sales (-)	21	(1,170,070,785)	(1,959,394,346)
<b>Gross profit</b>		<b>108,768,558</b>	<b>96,375,726</b>
Marketing, selling and distribution expenses (-)	22	(4,750,660)	(4,115,419)
General administrative expenses (-)	22	(88,282,226)	(82,084,381)
Other operating income	23	407,255	556,340
<b>Operating profit</b>		<b>16,142,927</b>	<b>10,732,266</b>
Share of profit/(loss) of investments accounted for using the equity method	7	24,910,384	4,382,784
<b>Profit before financial expenses</b>		<b>41,053,311</b>	<b>15,115,050</b>
Financial income	24	46,694,057	26,210,398
Financial expenses (-)	25	(61,337,886)	(31,067,371)
<b>Profit before tax from continuing operations</b>		<b>26,409,482</b>	<b>10,258,077</b>
<b>Tax expense from continuing operations</b>			
- Tax expense for the period	26	(1,732,096)	(2,156,708)
- Deferred tax expense	26	(4,887,288)	(3,983,179)
<b>Profit from continuing operations</b>		<b>19,790,098</b>	<b>4,118,190</b>
<b>Profit attributable to:</b>			
Equity holders of the parent		19,822,848	4,865,833
Non-controlling interests		(32,750)	(747,643)
<b>Net income for the period</b>		<b>19,790,098</b>	<b>4,118,190</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement gains of defined benefit plans		662,813	301,393
Deferred tax (expense)/income		(133,397)	(60,278)
<b>Items that will be reclassified to profit or loss</b>		<b>4,052,794</b>	<b>8,169,081</b>
Change in fair value of available for sale financial assets		175,683	1,181,861
Change in fair value of available for sale financial assets, tax effect		(35,137)	(236,372)
Currency translation differences		3,912,248	7,223,592
<b>Other comprehensive income</b>		<b>4,582,210</b>	<b>8,410,196</b>
<b>Total comprehensive income</b>		<b>24,372,308</b>	<b>12,528,386</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent		24,404,629	13,275,930
Non-controlling interests		(32,321)	(747,544)
<b>Total comprehensive income</b>		<b>24,372,308</b>	<b>12,528,386</b>

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

# Ünlü Yatırım Holding A.Ş.

## Consolidated Statement of Changes in Equity for the Year Ended 31 December 2017

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

Notes	Attributable to owners of the parent										Total
	Paid capital	Repurchased shares	Share premium	Remeasurement losses of defined benefit plans	Revaluation gain on sale financial asset	Currency translation differences	Retained earnings for the period	Net income for the period	Equity of the parent	Non-controlling interests	
<b>1 January 2016</b>	<b>33,858,378</b>	--	<b>23,850,053</b>	<b>(425,715)</b>	--	<b>9,578,140</b>	<b>18,921,432</b>	<b>7,182,867</b>	<b>92,965,155</b>	<b>(602,692)</b>	<b>92,362,463</b>
Capital increase	3,804,963	--	49,116,827	--	--	--	--	--	52,921,790	--	52,921,790
Transfers	--	--	--	--	--	--	7,182,867	(7,182,867)	--	--	--
Changes due to repurchase shares	--	(88,204)	--	--	--	--	--	--	(88,204)	--	(88,204)
Net income for the period	--	--	--	--	--	--	--	4,865,833	4,865,833	(747,643)	4,118,190
Other comprehensive income	--	--	--	241,016	945,489	7,223,592	--	--	8,410,097	99	8,410,196
<b>31 December 2016</b>	<b>37,663,341</b>	<b>(88,204)</b>	<b>72,966,880</b>	<b>(184,699)</b>	<b>945,489</b>	<b>16,801,732</b>	<b>26,104,299</b>	<b>4,865,833</b>	<b>159,074,671</b>	<b>(1,350,236)</b>	<b>157,724,435</b>
<b>1 January 2017</b>	<b>37,663,341</b>	<b>(88,204)</b>	<b>72,966,880</b>	<b>(184,699)</b>	<b>945,489</b>	<b>16,801,732</b>	<b>26,104,299</b>	<b>4,865,833</b>	<b>159,074,671</b>	<b>(1,350,236)</b>	<b>157,724,435</b>
Capital increase	297,190	--	2,272,727	--	--	--	--	--	2,569,917	--	2,569,917
Transfers	--	--	--	--	--	--	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	--	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	--	--	--	528,987	140,546	3,912,248	--	--	4,581,781	429	4,582,210
<b>31 December 2017</b>	<b>37,960,531</b>	--	<b>75,239,607</b>	<b>344,288</b>	<b>1,086,035</b>	<b>20,713,980</b>	<b>29,299,432</b>	<b>19,822,848</b>	<b>184,466,721</b>	<b>(121,720)</b>	<b>184,345,001</b>

# Ünlü Yatırım Holding A.Ş.

## Consolidated Statement of Cash Flows for the Year Ended 31 December 2017

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

	Notes	1 January - 31 December 2017	1 January - 31 December 2016
<b>A. Cash flows (used in)/from operating activities</b>		<b>(26,507,232)</b>	<b>(59,190,975)</b>
<b>Net profit for the period</b>		<b>19,822,848</b>	<b>4,865,833</b>
Profit from continuing operations		19,822,848	4,865,833
<b>Adjustments for to reconcile net income to net cash provided by operating activities</b>			
Adjustments for depreciation and amortization	15,16	1,789,229	1,839,162
Adjustments for provisions		6,011,859	7,190,042
Adjustments for provision for employee benefits		5,846,701	6,630,792
Adjustments for lawsuit provisions	17	165,158	559,250
Adjustments for dividend income	24	(416,043)	(342,702)
Adjustments for interest income and expenses	22	(10,579,880)	(6,998,160)
Effect of exchange rate changes on cash and cash equivalents		(12,914,832)	(1,369,090)
Adjustments for increase in investments accounted through equity method	7	(24,910,384)	4,382,784
Adjustments for tax expense		6,619,384	5,843,237
Adjustments to reconcile net income or loss		43,755	(1,944,577)
<b>Operating profit before changes in assets and liabilities:</b>		<b>(14,534,064)</b>	<b>13,466,529</b>
Adjustments for (increase)/decrease in trade receivables	8	(20,014,583)	(22,177,514)
- Decrease in trade receivables due from related parties	4	(427,494)	450,194
- (Increase)/decrease in trade receivables due from other parties	8	(19,587,089)	(22,627,708)
Adjustments for (increase)/decrease in other receivables	9	12,770,676	(29,447,243)
- Decrease in other receivables due from related parties	4	(162,330)	130,327
- (Increase)/decrease in other receivables due from other parties	9	12,933,006	(29,577,570)
Adjustments for (increase)/decrease in other current assets		20,434	(519,022)
Adjustments for (decrease)/increase in trade payables	8	(5,956,576)	(2,309,621)
Adjustments for decrease in other payables	9	1,541,134	(2,767,215)
- Decrease in other payables due to related parties	4	(80,745)	(27,353)
- (Decrease)/increase in other payables due to other parties	9	1,621,879	(2,739,862)
Adjustments for increase/(decrease) in other liabilities		7,191,948	17,351
<b>Cash flows (used in)/from operating profit</b>			
Employment benefits paid	19	(5,807,416)	(9,947,908)
Taxes paid		(1,718,785)	(5,506,332)
<b>B. Cash flows used in investing activities</b>		<b>13,408,274</b>	<b>(11,994,774)</b>
Dividend received	24	416,043	342,702
Interest received		10,461,188	7,252,492
Change in restricted deposit	5	2,635,789	(2,710,144)
Change in financial investments		1,833,809	(14,396,594)
Purchase of property and equipment	15	(1,539,941)	(1,116,168)
Purchase of intangible assets	16	(398,614)	(1,367,062)
<b>C. Cash flows from/(used in) financing activities</b>		<b>30,876,912</b>	<b>101,785,106</b>
Cash inflows from issuance of instruments based on equity and shares		2,569,917	52,921,790
Increase/(decrease) in financial liabilities		31,319,660	49,842,666
(Decrease)/increase in other financial liabilities	14	(2,658,685)	(891,146)
Cash inflows/outflows from acquisition and sales of interest in a subsidiary		(442,184)	--
Cash outflows from the Company's purchase its own shares	20	88,204	(88,204)
<b>D. The effect of change in foreign exchange rates on cash and cash equivalents</b>		<b>16,827,080</b>	<b>1,369,090</b>
<b>Net increase in cash and cash equivalents (A+B+C+D)</b>		<b>34,605,034</b>	<b>31,968,447</b>
<b>E. Cash and cash equivalents at the beginning of the period</b>	<b>5</b>	<b>92,749,518</b>	<b>60,781,071</b>
<b>Cash and cash equivalents at the end of the period (A+B+C+D+E)</b>	<b>5</b>	<b>127,354,552</b>	<b>92,749,518</b>

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

# Ünlü Yatırım Holding A.Ş.

## *Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017*

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

### **1 ORGANISATION AND NATURE OF OPERATIONS**

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

Ünlü Yatırım Holding A.Ş.’s main purposes are to; use its funds to establish new equity companies to engage in investment, financing, 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 37,960,531 which consists of shares with a nominal value of TL1 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”), 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.

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

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 October 27, 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.

# Ünlü Yatırım Holding A.Ş.

## *Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017*

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

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

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

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

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

Mena was established in Turkey on 5 July 2012 and operates at Ahi Evran Cad, Polaris Plaza B Blok No: 21 Kat: 1 34398 Maslak, Sarıyer İstanbul. Mena provides financial consultancy services. The Company is the founding shareholders of Mena with 99.99% ownership share. As of 17 March 2014, Mena Finans nominal shares amounting total TL 74.999 were transferred to Şebnem Kalyoncuoğlu Ünlü, and the share rate of the Company decreased to 74.99%.

TAIL was established in Guernsey on 15 August 2014. It operates at Carey House, Les Banques, St Peter Port, Guernsey, GY1 4BZ. TAIL provides financial consulting services. Ünlü Yatırım Holding A.Ş. is the founder of TAIL, and owns 100% of its shares.

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

For the purposes of the consolidated financial statements, Ünlü Yatırım Holding A.Ş. and its subsidiaries are together referred to as “the Group”. As at 31 December 2017, there are 327 (31 December 2016: 302) employees in the Group.

The consolidated financial statements for the year ended 31 December 2017 were approved by the Board of Directors on 2 April 2018. 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 TAS**

The accompanying consolidated financial statements of Public Oversight Accounting and Auditing Standards Board (“POA”) by which was enacted Turkey Accounting Standards / Turkey Financial Reporting Standards (“TAS / TFRS”) with additional and reviews related to them (“TAS / TFRS”) are based on. It was also presented in accordance with the TMS taxonomy published on 30 June 2016 by POA.

The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code (“TCC”) and tax legislation. Businesses which are controlled by subsidiaries operating in foreign countries maintain their books of account in the currencies of those countries and prepare their statutory financial statements in accordance with the prevailing legislation in those countries. Consolidated financial statements is prepared in Turkish Lira based on the historical cost basis except for the financial assets and liabilities which are showed with their fair values. Consolidated financial statements have been prepared by applying the necessary adjustments and reclassifications to the statutory records in accordance with TAS/TFRS.

##### **(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.

# Ünlü Yatırım Holding A.Ş.

## *Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017*

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

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

#### **A. BASIS OF PRESENTATION (Continued)**

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

###### IFRS 15 Revenue from Contracts with Customers

IFRS 15, issued in May 2014 replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which companies expect to be entitled, rather than fair value and new guidance have been introduced on separating performance obligations for goods and services in a contract and recognition of revenue over time. IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group has performed an initial assessment on these transactions and does not expect that there will be a significant impact on its consolidated financial statements resulting from the application of IFRS 15.

###### IFRS 9 Financial Instruments

The last version of IFRS 9, issued in July 2014, replaces the existing guidance in TAS 39 "Financial Instruments: Recognition and Measurement". It also carries forward the guidance on recognition, classification, measurement and derecognition of financial instruments from TAS 39 to IFRS 9. The last version of IFRS 9 includes a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements and also includes guidance issued in previous versions of IFRS 9. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group has performed an initial assessment on these financial assets and liabilities and does not expect that there will be a significant impact on its consolidated financial statements resulting from the application of IFRS 9.

###### IFRIC 22 – Foreign Currency Transactions and Advance Consideration

On 8 December 2016, IASB issued IFRIC 22 Foreign Currency Transactions and Advance Consideration to clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. IFRIC 22 is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRIC 22.

The Group does not expect that application of IFRIC 22 will have significant impact on its consolidated financial statements.

###### Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions

IFRS 2 Share-Based Payment has been amended by IASB to improving consistency and resolve some long-standing ambiguities in share-based payment accounting. The amendments cover three accounting areas: i) measurement of cash-settled share-based payments, ii) classification of share-based payments settled net of tax withholdings; and iii) accounting for modification of a share-based payment from cash-settled to equity-settled. Also, same approach has been adopted for the measurement of cash-settled share-based payments as equity-settled share-based payments. If certain conditions are met, share-based payments settled net of tax withholdings are accounted for as equity-settled share-based payments. The amendments are effective for periods beginning on or after 1 January 2018, with earlier application permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IFRS 2.

###### Improvements to IFRSs

IASB issued Annual Improvements to IFRSs - 2014–2016 Cycle for applicable standards. The amendments listed below are effective as of 1 January 2018. 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.

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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

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

#### A. BASIS OF PRESENTATION (Continued)

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

###### Annual Improvements to TFRSs 2014-2016 Cycle

###### *TFRS 1 “First Time Adoption of International Financial Reporting Standards”*

TFRS 1 is amended to removing of the outdated short-term exemptions for first-time adopters within the context of ‘Annual Improvements to TFRSs 2012-2014 Cycle’ related to disclosures for financial instruments, employee benefits and consolidation of investment entities.

###### *TAS 28 “Investments in Associates and Joint Ventures”*

The amendment enable when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with TFRS 9.

###### TAS 40 – Transfers of Investment Property

Amendments to TAS 40 - Transfers of Investment Property issued by TASB have been made to clarify uncertainty about that provide evidence of transfer of /from investment property to other asset groups. A change in management’s intentions for the use of property does not provide evidence of a change in intended use. Therefore, when an entity decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognised (eliminated from the statement of consolidated financial position) and does not reclassify it as inventory. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment. The amendment is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Group is assessing the potential impact on its [consolidated] financial statements resulting from the application of the amendments to TAS 40. The Group does not expect that application of these amendments to TAS 40 will have significant impact on its consolidated financial statements.

###### TFRS 16 Leases

On 13 January 2016, TASB issued the new leasing standard which will replace TAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 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. TFRS 16 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 is assessing the potential impact on its consolidated financial statements resulting from the application of TFRS 16.

###### IFRIC 23 –Uncertainty over Income Tax Treatments

On 17 June 2017, TASB issued IFRIC 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. IFRIC 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. IFRIC 23 is effective from 1 January 2019, with earlier application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRIC 23.



# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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

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

#### A. BASIS OF PRESENTATION (Continued)

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

##### **Annual Improvements to TFRSs 2015-2017 Cycle**

###### *Improvements to TFRSs*

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

###### *TFRS 3 Business Combinations and TFRS 11 Joint Arrangements*

TFRS 3 and TFRS 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.

###### *TAS 12 Income Taxes*

TAS 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.

###### *TAS 23 Borrowing Costs*

TAS 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 TAS 28- Long-term interests in Associates and Joint Ventures

On 12 October 2017, TASB 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 TFRS 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 the amendments to TAS 28.

###### Amendments to TFRS 9 - Prepayment features with negative compensation

On 12 October 2017, TASB 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 is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to TFRS 9.

# Ünlü Yatırım Holding A.Ş.

## *Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017*

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

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

#### **A. BASIS OF PRESENTATION (Continued)**

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

In order to determine the financial status and performance trends, the consolidated financial statements of the Group have been prepared in comparison with the consolidation financial statements of previous periods. The Group prepared its consolidated statement of financial position as of 31 December 2017 in comparison with the consolidated statement of financial position prepared as of 31 December 2016; 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 2017 in comparison with 1 January - 31 December 2016. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

##### **(d) Functional and presentation currency**

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

##### **(e) Offsetting**

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

##### **(f) Going concern**

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

#### **B. CHANGES IN ACCOUNTING POLICIES**

Significant changes in accounting policies and accounting errors are applied retrospectively by restating the prior period financial statements. The accounting policies of the Group are not changed within the year of 2017.

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

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. The accounting estimates are not changed for the 1 January - 31 December 2017 period.

#### **D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **(a) Basis of consolidation**

###### ***Subsidiaries***

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

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

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

(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 2017 and 2016:

Name of the company	Country	Main activity and service line	Final share ratio	
			31 December 2017	31 December 2016
<b>Subsidiaries</b>				
Ünlü Menkul Değerler A.Ş. ("Ünlü Menkul") <sup>(1)</sup>	Turkey	Intermediary services	100.00%	100.00%
Ünlü Portföy Yönetimi A.Ş. ("Ünlü Portföy") <sup>(2)</sup>	Turkey	Portfolio management	100.00%	100.00%
Du Finansal Danışmanlık Hizmetleri A.Ş. ("DU Finans") <sup>(3)</sup>	Turkey	Financial consultancy	100.00%	100.00%
Plato Finansal Danışmanlık Servisleri A.Ş. ("Plato Finans") <sup>(3)</sup>	Turkey	Financial consultancy	94.81%	76.02%
İstanbul Varlık Yönetim A.Ş. ("İstanbul Varlık") <sup>(3)</sup>	Turkey	Asset management	100.00%	100.00%
Ünlü Securities Inc. ("Ünlü Securities") <sup>(4)</sup>	U.S.A	Intermediary services	100.00%	100.00%
Mena Finansal Yatırımlar A.Ş. ("Mena Finans")	Turkey	Financial consultancy	74.99%	74.99%
Ünlü Alternative Asset Management Ltd. ("UAAM")	Isle of Man	Financial consultancy	100.00%	100.00%
Turkish Alternative Investments Limited ("TAIL") <sup>(4)</sup>	Guernsey	Investment services	100.00%	100.00%
UPE Investments Ltd. ("UPE")	Guernsey	Investment services	100.00%	100.00%
<b>Associates presented in the financial statements with equity method</b>				
SU Turkish Private Equity Oppor. I. S.C.A., SICAR <sup>(5)</sup>	Luxembourg	Private equity	11.99%	11.99%
Ünlü LT Investments Limited Partnership ("Ünlü LT") <sup>(4) (6)</sup>	Guernsey	Private equity	4.76%	4.76%

<sup>(1)</sup> Ünlü Menkul has 100% share in Ünlü Securities.

<sup>(2)</sup> 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 Famous Portfolio, owned by Ünlü Menkul Değerler A.Ş., with all its assets and liabilities, have become direct shareholders by purchasing their financial obligations together.

<sup>(3)</sup> 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.

<sup>(4)</sup> TAIL owns 4.76% share of Ünlü LT. (31 December 2016: 4.76%).

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

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

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.

Subsidiaries' balance sheet and comprehensive income statements are combined with consolidated statements of the Company and the carrying amount of the Group's investment in each subsidiary and the Group's portion of the cost value of the capital of each subsidiary are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

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

# Ünlü Yatırım Holding A.Ş.

## *Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017*

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

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

#### **D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **(b) Revenue recognition**

###### *(i) Fee and commission income and expenses*

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

###### *(ii) Interest income and expenses and dividend income*

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

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

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

##### **(c) Financial instruments**

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

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

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.

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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

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

#### D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### (c) Financial instruments (Continued)

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

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

##### (d) Trade receivables

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

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

##### (e) Trade payables

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

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

##### (f) Derivative financial instruments

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

##### (g) Assets held for sale

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

##### (h) Property and equipment

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

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

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

# Ünlü Yatırım Holding A.Ş.

*Notes to the Consolidated Financial Statements as at  
and for the Year Ended 31 December 2017*

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

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

### **D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

#### **(i) Intangible assets**

Intangible assets comprise acquired intellectual property, information systems and computer software. They are recorded at acquisition cost and amortized on a straight-line basis over their estimated economic lives for a period not exceeding three to five years from the date of acquisition. To determine the change effect in estimation of the estimated useful lives and depreciation method is considered every year and accounted accordingly to changes in these estimations (Note 16).

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

#### **(j) Impairment of financial assets**

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

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

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

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.

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

(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) Impairment of financial assets (Continued)

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

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

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 before 2016:

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

##### (k) Financial liabilities

Except for the liabilities related to financial instruments which are defined as financial liabilities held for trading and classified at their fair values, financial liabilities are recognized at their acquisition costs including the transaction cost and appraised at their discounted values calculated through "effective interest rate method" in the subsequent periods.

All financial expenses are recorded in the income statement and other comprehensive income statement in the period when they arise.

##### (l) Foreign exchange transactions

Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. As of 31 December 2017 foreign currency at the end of the period for EUR transactions is TL 4.5155, for USD transactions, it is TL 3.7719, for GBP transactions, it is TL 5.0803 (31 December 2016: EUR: 3.7099, USD: 3.5192, GBP: 4.3189).

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

With respect to the consolidated financial statements, assets and liabilities of the subsidiaries in foreign currency have been translated into TL with the closing exchange rate at the balance sheet date. Profit/Loss items of the subsidiaries have been translated into TL with average exchange rate of the reporting period. The resulting translation differences amounted to TL 20,713,980 is recognized in other comprehensive income and presented under the equity in the balance sheet (31 December 2016: TL 16,801,732 foreign currency gain)

# Ünlü Yatırım Holding A.Ş.

## *Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017*

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

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

#### **D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the financial statements and treated as “Contingent assets or liabilities” (Note 17).

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

##### **(n) Finance leases (where the Group is “lessee”)**

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

##### **(o) Subsequent events**

Subsequent events cover any events which arise between the reporting date and the balance sheet date, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed. The Company adjusts its financial statements if such subsequent events arise which require an adjustment to the financial statements (Note 32).

##### **(p) Related parties**

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

##### **(r) Taxes calculated over corporation income**

###### **Corporate tax**

Corporate tax is calculated according to the Tax Procedural Law, and tax expenses except corporate tax are recognized in operating expenses (Note 26).

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

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



# Ünlü Yatırım Holding A.Ş.

## *Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017*

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

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

#### **D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **(r) Taxes calculated over corporation income (Continued)**

###### ***Deferred tax***

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The rates enacted, or substantively enacted, at the balance sheet date are used to determine deferred income tax (Note 26).

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

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

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

##### **(s) Employee benefits**

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

The Group is liable to pay a collective amount of payment to the employees dismissed except for the cause of retirement or resignation and significant course of actions according to Labor Law in Turkey. Provision for employment termination benefit is determined according to the law and specific actuarial estimations and reflected in the financial statements (Note 19).

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

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

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

# Ünlü Yatırım Holding A.Ş.

## *Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017*

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

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

#### **D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **(t) Cash flow statement**

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

##### **(u) Goodwill**

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

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group performs the goodwill impairment test at 31 December. Impairment losses on goodwill could not be reversed; Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold (Note 16)

##### **(v) Earning per share**

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

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“Bonus shares”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period (Note 27).

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

The preparation of the financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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

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

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

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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

### 3 SEGMENT REPORTING

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

One of the Group's subsidiaries, Ünlü Menkul and Ünlü Securities, engaged in brokerage activities in the capital markets in Turkey. UAAM, DU Finans, Plato Finans and İstanbul Varlık give consultancy services regarding asset management. The Group's other subsidiary, Ünlü Portföy, operates in corporate and individual portfolio management segment. UPE, and TAIL operate in private equity sector; Mena, and the Company operate as investment holding. As at 31 December 2017 and 2016, segment reporting is prepared based on the brokerage, portfolio management activities and consultancy services.

	Brokerage, corporate finance and portfolio management services	Asset management, consultancy services	Private equity	Investment holding services	Eliminations	Total
<b>31 December 2017</b>						
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)
<b>Gross profit/(loss)</b>	<b>59,082,321</b>	<b>55,509,416</b>	<b>281</b>	<b>4,994,781</b>	<b>(10,818,241)</b>	<b>108,768,558</b>
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
<b>Operating profit/(loss)</b>	<b>5,032,895</b>	<b>15,804,727</b>	<b>(134,577)</b>	<b>(4,560,118)</b>	<b>--</b>	<b>16,142,927</b>
Share of profit of investment accounted through equity method	--	--	24,910,384	--	--	24,910,384
<b>Profit/(loss) before financial expenses</b>	<b>5,032,895</b>	<b>15,804,727</b>	<b>24,775,807</b>	<b>(4,560,118)</b>	<b>--</b>	<b>41,053,311</b>
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)
<b>Profit/(loss) before tax from continuing operations</b>	<b>7,102,038</b>	<b>815,641</b>	<b>22,679,753</b>	<b>(4,187,950)</b>	<b>--</b>	<b>26,409,482</b>
Tax expense	(1,732,096)	--	--	--	--	(1,732,096)
Deferred tax income/(expense)	66,959	(68,213)	(5,604,776)	718,742	--	(4,887,288)
<b>Net profit/(loss) from continuing operations</b>	<b>5,436,901</b>	<b>747,428</b>	<b>17,074,977</b>	<b>(3,469,208)</b>	<b>--</b>	<b>19,790,098</b>
<b>Items that will be reclassified to profit or loss</b>	<b>248,349</b>	<b>1,000,478</b>	<b>2,803,967</b>	<b>--</b>	<b>--</b>	<b>4,052,794</b>
Available for sale financial assets valuation difference	175,683	--	--	--	--	175,683
Available for sale financial assets valuation difference tax effect	(35,137)	--	--	--	--	(35,137)
Currency translation differences	107,803	1,000,478	2,803,967	--	--	3,912,248
<b>Items that will not be reclassified to profit or loss</b>	<b>623,095</b>	<b>(104,239)</b>	<b>--</b>	<b>10,560</b>	<b>--</b>	<b>529,416</b>
Actuarial gains/(losses) from employee benefits	778,869	(129,256)	--	13,200	--	662,813
Deferred tax expense/(income)	(155,774)	25,017	--	(2,640)	--	(133,397)
<b>Other comprehensive income/(expense)</b>	<b>871,444</b>	<b>896,239</b>	<b>2,803,967</b>	<b>10,560</b>	<b>--</b>	<b>4,582,210</b>
<b>Total comprehensive income/(expense)</b>	<b>6,308,345</b>	<b>1,643,667</b>	<b>19,878,944</b>	<b>(3,458,648)</b>	<b>--</b>	<b>24,372,308</b>
<b>Operating segment assets (31 December 2017)</b>	<b>228,061,907</b>	<b>171,779,322</b>	<b>13,262,717</b>	<b>190,005,730</b>	<b>(82,918,473)</b>	<b>520,191,203</b>
<b>Operating segment liabilities (31 December 2017)</b>	<b>159,200,703</b>	<b>130,492,119</b>	<b>14,780,266</b>	<b>48,701,189</b>	<b>(17,328,075)</b>	<b>335,846,202</b>

# Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at  
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## 3 SEGMENT REPORTING (Continued)

31 December 2016	Brokerage, corporate finance and portfolio management services	Asset management, consultancy services	Private equity	Investment holding services	Eliminations	Total
Sales	1,961,316,695	7,978,532	--	--	--	1,969,295,227
Service income	43,583,565	39,568,326	--	14,010,806	--	97,162,697
Deductions from services income	(164,017)	(10,523,835)	--	--	--	(10,687,852)
Cost of sales	(1,959,394,346)	--	--	--	--	(1,959,394,346)
<b>Gross profit/(loss)</b>	<b>45,341,897</b>	<b>37,023,023</b>	<b>--</b>	<b>14,010,806</b>	<b>--</b>	<b>96,375,726</b>
General administrative, marketing, selling and distribution expense	(52,237,915)	(27,012,657)	(118,841)	(7,572,129)	741,742	(86,199,800)
Other operating income/expenses, net	456,596	90,214	--	341,810	(332,280)	556,340
<b>Operating profit/(loss)</b>	<b>(6,439,422)</b>	<b>10,100,580</b>	<b>(118,841)</b>	<b>6,780,487</b>	<b>409,462</b>	<b>10,732,266</b>
Share of profit of investment accounted through equity method	--	--	4,382,784	--	--	4,382,784
<b>Profit/(loss) before financial expenses</b>	<b>(6,439,422)</b>	<b>10,100,580</b>	<b>4,263,943</b>	<b>6,780,487</b>	<b>409,462</b>	<b>15,115,050</b>
Financial income	18,980,672	954,050	393	25,765,634	(19,490,351)	26,210,398
Financial expenses	(8,586,577)	(10,948,941)	(1,198,831)	(11,497,701)	1,164,679	(31,067,371)
<b>Profit/(loss) before tax from continuing operations</b>	<b>3,954,673</b>	<b>105,689</b>	<b>3,065,505</b>	<b>21,048,420</b>	<b>(17,916,210)</b>	<b>10,258,077</b>
Tax expense	(2,156,708)	--	--	--	--	(2,156,708)
Deferred tax income/(expense)	1,105,982	(4,388,675)	--	(700,486)	--	(3,983,179)
<b>Net profit/(loss) from continuing operations</b>	<b>2,903,947</b>	<b>(4,282,986)</b>	<b>3,014,770</b>	<b>20,347,934</b>	<b>(17,916,210)</b>	<b>4,118,190</b>
<b>Items that will be reclassified to profit or loss</b>	<b>717,481</b>	<b>7,453,559</b>	<b>(1,959)</b>	<b>--</b>	<b>--</b>	<b>8,169,081</b>
Available for sale financial assets valuation difference	1,181,861	--	--	--	--	1,181,861
Available for sale financial assets valuation difference tax effect	(236,372)	--	--	--	--	(236,372)
Currency translation differences	(228,008)	7,453,559	(1,959)	--	--	7,223,592
<b>Items that will not be reclassified to profit or loss</b>	<b>116,186</b>	<b>(70,335)</b>	<b>--</b>	<b>195,264</b>	<b>--</b>	<b>241,115</b>
Actuarial gains/(losses) from employee benefits	145,232	(87,919)	--	244,080	--	301,393
Deferred tax expense/(income)	(29,046)	17,584	--	(48,816)	--	(60,278)
<b>Other comprehensive income/(expense)</b>	<b>833,667</b>	<b>7,383,224</b>	<b>(1,959)</b>	<b>195,264</b>	<b>--</b>	<b>8,410,196</b>
<b>Total comprehensive income/(expense)</b>	<b>3,737,614</b>	<b>3,100,238</b>	<b>3,063,546</b>	<b>20,543,198</b>	<b>(17,916,210)</b>	<b>12,528,386</b>
<b>Operating segment assets (31 December 2016)</b>	<b>199,028,022</b>	<b>135,799,786</b>	<b>7,304,310</b>	<b>184,930,713</b>	<b>(63,835,972)</b>	<b>463,226,859</b>
<b>Operating segment liabilities (31 December 2016)</b>	<b>141,319,567</b>	<b>115,799,180</b>	<b>8,853,818</b>	<b>42,830,138</b>	<b>(3,300,279)</b>	<b>305,502,424</b>

# Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at  
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

## 4 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

### a) Balances with related parties

	31 December 2017	31 December 2016
<b>Financial investments</b>		
<b>Financial assets held for trading (Note 6)</b>		
- Ünlü Portföy Üçüncü Değişken Fon	4,297,586	5,233,404
- Ünlü Portföy İkinci Serbest Fon	3,412,786	--
- Ünlü Portföy Üçüncü Serbest Fon	1,002,491	2,071,938
- Ünlü Portföy Mutlak Getiri Hedefli Serbest Fon	767,446	768,671
- Ünlü Portföy Dördüncü Serbest Fon	--	5,100,624
- Ünlü Portföy İkinci Değişken Fon	--	4,081,779
- Ünlü Portföy Ünlü Serbest Özel Fon	--	2,901,977
<b>Total</b>	<b>9,480,309</b>	<b>20,158,393</b>
<b>Available-for-sale financial assets (Note 6)</b>		
- 212 Capital Partners I Coöperatif U.A.	2,238,179	1,958,199
- 212 Limited (Cayman Island)	5,674	5,674
- Ünlü Private Equity GP Limited	--	640,494
<b>Total</b>	<b>2,243,853</b>	<b>2,604,367</b>
<b>Investments accounted through equity method (Note 7)</b>		
- SICAR	53,955,038	28,162,510
- Ünlü LT	13,124,219	7,175,591
<b>Total</b>	<b>67,079,257</b>	<b>35,338,101</b>
<b>Receivables</b>		
<b>Trade receivables (Note 8)</b>		
- Ünlü Portföy İkinci Gayrimenkul Yatırım Fonu	387,671	--
- Ünlü LT Investments Limited	70,629	--
- Ünlü Portföy Birinci Gayrimenkul Yatırım Fonu	45,713	--
- Ünlü Private Equity LT	37,719	--
- Ünlü Portföy Mutlak Getiri Hedefli Serbest Fon	26,820	24,036
- Ünlü Portföy İkinci Değişken Fon	17,284	119,520
- Ünlü Portföy Dördüncü Serbest Fon	15,194	18,435
- Ünlü Portföy Üçüncü Değişken Fon	10,900	11,438
- Ünlü Portföy İkinci Serbest Fon	6,504	5,551
- Ünlü Portföy Üçüncü Serbest Fon	1,282	12,882
- Ünlü Portföy Birinci Değişken Fon	365	725
<b>Total</b>	<b>620,081</b>	<b>192,587</b>

# Ünlü Yatırım Holding A.Ş.

*Notes to the Consolidated Financial Statements as at  
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

### a) Balances with related parties (Continued)

#### Receivables (Continued)

	31 December 2017	31 December 2016
<b>Other receivables (Note 9)</b>		
- Receivables from personnel	317,516	155,186
<b>Total</b>	<b>317,516</b>	<b>155,186</b>

#### Liabilities

#### Financial liabilities (Note 13)

- Standard Bank South Africa	44,879,561	--
- Standard Bank London Holding Ltd.	--	40,330,310
<b>Total</b>	<b>44,879,561</b>	<b>40,330,310</b>

#### Trade payables (Note 8)

- Ünlü LT Investments Limited Partners	19,363,853	64,532,379
- Employees and senior management	9,364,559	--
- Turkish Retail Investments B.V	6,776,242	9,745,129
- Turkish Holdings I Coöperatief	73,514	82,409
- Turkish Holdings IV Cooperatief	37,145	30,856
- DU Finansal Danışmanlık Servisleri A.Ş.	--	15,059
<b>Total</b>	<b>35,615,313</b>	<b>74,405,832</b>

#### Short term other payables (Note 9)

- Payables to personnel	75,963	156,708
<b>Total</b>	<b>75,963</b>	<b>156,708</b>

# Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at  
and for the Year Ended 31 December 2017

(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 2017	1 January - 31 December 2016
<b>Income from related parties</b>		
<b>Service income (Commission Income)</b>		
- Ünlü Portföy İkinci Değişken Fon	638,733	4,399,864
- Ünlü Portföy İkinci Gayrimenkul Yatırım Fonu	392,832	--
- Ünlü Portföy Mutlak Getiri Hedefli Serbest Fon	286,739	259,367
- Ünlü Portföy Dördüncü Serbest Fon	192,061	33,352
- Ünlü Portföy Birinci Gayrimenkul Yatırım Fonu	103,329	--
- Ünlü Portföy Üçüncü Serbest Fon	81,512	78,666
- Ünlü Portföy Üçüncü Değişken Fon	79,479	554,643
- Ünlü Portföy İkinci Serbest Fon	71,597	50,086
- Ünlü Portföy Birinci Değişken Fon	9,083	12,134
- Ünlü Portföy Anapara Koruma Amaçlı Dördüncü Fon	--	8,606
- Ünlü Portföy Anapara Koruma Amaçlı Birinci Fon	--	5,554
- Ünlü Portföy Anapara Koruma Amaçlı Üçüncü Fon	--	4,254
- Ünlü Portföy Anapara Koruma Amaçlı İkinci Fon	--	1,621
<b>Total</b>	<b>1,855,365</b>	<b>5,408,147</b>
<b>Financial income (Dividend income)</b>		
- 212 Limited	120,236	84,442
<b>Total</b>	<b>120,236</b>	<b>84,442</b>
<b>Income from investments accounted through equity method</b>		
- SICAR	23,485,479	4,107,103
- Ünlü LT	2,138,143	224,946
<b>Total</b>	<b>25,623,622</b>	<b>4,332,049</b>
<b>Expenses to related parties</b>		
<b>Financial expenses</b>		
- Standard Bank South Africa	1,147,703	--
- Standard Bank Plc.	--	1,206,654
<b>Total</b>	<b>1,147,703</b>	<b>1,206,654</b>

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

Top management consists of general manager, vice general manager, directors and other top management members. For the year ended 31 December 2017, the total amount of salary and other benefits provided to the top management by the Group is TL 17,459,802 (1 January - 31 December 2016: TL 15,034,249).

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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

### 5 CASH AND CASH EQUIVALENTS

	31 December 2017	31 December 2016
Cash	30,846	18,528
Cash at banks <sup>(1)</sup>	205,877,360	177,717,913
- Demand deposit	35,574,948	25,627,772
- Time deposit	170,302,412	152,090,141
Derivatives Market guarantees	816,405	2,158,466
Receivables from reverse repurchase agreements <sup>(2)</sup>	678,350	2,553,583
Receivables from the money market <sup>(3)</sup>	499,749	--
B type liquid funds	39,975	186,141
<b>Total</b>	<b>207,942,685</b>	<b>182,634,631</b>

<sup>(1)</sup> Bank deposits include TL 80,092,288 (31 December 2016: TL 86,872,171) of bank deposits that belong to customers but which are kept in the Group's own accounts (Note 8).

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

<sup>(3)</sup> As of 31 December 2017 the maturity of receivables from the money market agreements is 2 January 2017 and the weighted average interest rate of receivables from the money market agreements is 15.05% (31 December 2016: 2 January 2017, 9.25%).

Cash and cash equivalents of the Group are shown in cash flow statements in 31 December 2017 and 2016 by deducing interest accruals and customer deposits:

	1 January - 31 December 2017	1 January - 31 December 2016
Cash and cash equivalents	207,942,685	182,634,631
Customer deposits (-)	(80,092,288)	(86,872,171)
Interest accruals (-)	(421,490)	(302,798)
Restricted deposit (-)	(74,355)	(2,710,144)
<b>Total</b>	<b>127,354,552</b>	<b>92,749,518</b>

As at 31 December 2017 and 31 December 2016, the interest rates and maturity of the time deposits are as follows:

Currency	31 December 2017			31 December 2016		
	Original amount	Amount (TL)	Interest rate (%)	Original amount	Amount (TL)	Interest rate (%)
TL	81,851,029	81,851,029	13.00-15.25	121,834,310	121,834,310	6.75-11.75
USD	23,181,304	87,437,561	3.71-4.60	8,464,096	29,786,845	0.75-3.60
EUR	110,090	559,258	1.40-2.00	--	--	--
GBP	100,667	454,564	1.40-1.90	108,589	468,986	1.00
<b>Total</b>		<b>170,302,412</b>			<b>152,090,141</b>	



# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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

### 6 FINANCIAL INVESTMENTS

#### Short term financial investments

	31 December 2017	31 December 2016
Financial assets held for trading	19,961,154	28,411,357
Available for sale financial assets	2,354,853	1,963,873
<b>Total</b>	<b>22,316,007</b>	<b>30,375,230</b>

As at 31 December 2017 and 31 December 2016, investment securities held for trading are as follows:

	31 December 2017			31 December 2016		
	Nominal	Fair value	Interest rate (%)	Nominal	Fair value	Interest rate (%)
Private sector cooperate bonds	9,870,000	10,042,213	14.93-19.21	3,340,000	3,400,567	11.66
Investment funds	274,530,204	9,480,309	--	415,600,072	20,158,393	--
Government bonds	400,000	406,276	13.31	300,000	276,243	8.63
Warrants	801,358	32,356	--	--	--	--
Share certificates	--	--	--	960,000	4,576,154	--
<b>Total</b>		<b>19,961,154</b>			<b>28,411,357</b>	

As at 31 December 2017 and 31 December 2016, securities given as collateral are as follows (Note 17):

	31 December 2017		31 December 2016	
	Nominal	Fair Value	Nominal	Fair Value
CMB	400,000	406,276	300,000	276,243
<b>Total</b>	<b>400,000</b>	<b>406,276</b>	<b>300,000</b>	<b>276,243</b>

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

	31 December 2017		31 December 2016	
	Share (%)	Share Amount (TL)	Share (%)	Share amount (TL)
212 Capital Partners I Coöperatief U.A. <sup>(1)</sup>	3.31	2,238,179	3.31	1,958,199
Private sector bonds	--	111,000	--	--
212 Limited (Cayman Island)	32.50	5,674	32.50	5,674
		<b>2,354,853</b>		<b>1,963,873</b>

<sup>(1)</sup> As of 31 December 2017, the total commitment amount for all shareholders of 212 Capital Partners I Coöperatief U.A. which is classified as available for sale financial assets in Company's financials with 3.31% share rate, is USD 30,200,000. Within 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 USD 25,000 on 18 January 2017, USD 20,000 on 18 July 2017, USD 30,000 on 22 December 2017 totally USD 75,000 which corresponds to TL 279,980 (USD 50,000 on 21 June 2016, USD 70,000 on 6 September 2016 totally USD 120,000 which corresponds to TL 351,007) (Note 17).

As of 31 December 2017, the available-for-sale financial assets of the Group, which equal to TL 2,354,853 (31 December 2016: TL 1,963,873), are shown with their cost values since the fair values are not reliably measured.

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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

### 6 FINANCIAL INVESTMENTS (Continued)

#### Long term financial investments

	31 December 2017	31 December 2016
<b>Available-for-sale financial assets</b>		
Shares certificate not listed on the stock market	1,517,254	1,982,066
-Borsa İstanbul A.Ş. ("BİST") <sup>(1)</sup>	1,517,254	1,341,572
-Ünlü Private Equity GP Limited <sup>(2)</sup>	--	640,494
<b>Total</b>	<b>1,517,254</b>	<b>1,982,066</b>

<sup>(1)</sup> The related shares were valued at the price per share, which was determined in the current period by the Board of Directors of Istanbul Stock Exchange on 21 December 2017 and the Executive Board on 9 January 2018 and valuation effect was accounted in equity under revaluation.

<sup>(2)</sup> Ünlü Alternative Asset Management Limited, which is a direct subsidiary of Ünlü Yatırım Holding A.Ş., obtained 682,000 non-voting privileged shares, equal to USD 1 each, in return for payment made to Ünlü Private Equity GP Limited. Ünlü Alternative Asset Management made a collection of USD 500,000 on 15 March 2016 for such shares. As of 31 December 2016 after the collection due to the uncertainty of the payments related to the remaining balance of the current period, the company has made provision USD 182,000 for shares which valued of USD 182,000 on the financial statements.

### 7 INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

#### Investments in associates

	31 December 2017	31 December 2016
SICAR	53,955,038	28,162,510
Ünlü LT <sup>(1)</sup>	13,124,219	7,175,591
<b>Total</b>	<b>67,079,257</b>	<b>35,338,101</b>

<sup>(1)</sup> As of 31 December 2017, the total contingent capital amount which is subject to capital increase in the following periods for all shareholders of Ünlü LT Investments Limited Partnership, Company's subsidiary TAIL as an investments valued with equity methods with a 4.76% (2016: 4.76%) share rate, is USD 5,000,000 (2016: USD 5,000,000) and USD 3,547,619 (2016: USD 2,500,000) was paid within 2017 (Note 17).

<b>Associates</b>	<b>Main activity</b>	<b>31 December 2017</b>	<b>31 December 2016</b>
		<b>Share %</b>	<b>Share %</b>
SICAR	Private equity	11.99	11.99
Ünlü LT	Private equity	4.76	4.76

Summary of the financial information on SICAR is provided below:

	31 December 2017	31 December 2016
Total assets	450,464,099	235,306,464
Total liabilities (-)	(463,778)	(423,149)
<b>Net assets</b>	<b>450,000,321</b>	<b>234,883,315</b>
Share in net assets of the associate	53,955,038	28,162,510
<b>Total share of the Company in the net assets of the subsidiaries</b>	<b>53,955,038</b>	<b>28,162,510</b>

# Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at  
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

## 7 INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

	1 January - 31 December 2017	1 January - 31 December 2016
Profit/loss for the period	195,875,555	40,730,295
<b>At the beginning of the period</b>	<b>28,162,510</b>	<b>17,905,068</b>
Share of the profit/(loss)	23,485,479	4,883,562
Additional share acquisition	316,275	1,415,367
Currency translation differences	1,990,774	3,958,513
<b>Total change in the associate in accordance with equity</b>	<b>25,792,528</b>	<b>10,257,442</b>
<b>Period end</b>	<b>53,955,038</b>	<b>28,162,510</b>

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

	31 December 2017	31 December 2016
Total assets	275,842,769	150,811,370
Total liabilities (-)	(234,179)	(123,949)
<b>Net assets</b>	<b>275,608,590</b>	<b>150,687,421</b>
Share in net assets of the associate	13,124,219	7,175,591
<b>Total share of the Company in the net assets of the subsidiaries</b>	<b>13,124,219</b>	<b>7,175,591</b>
	1 January - 31 December 2017	1 January - 31 December 2016
Profit/(loss) for the period	44,918,974	9,964,033
<b>At the beginning of the period</b>	<b>7,175,591</b>	<b>4,845,800</b>
Share of the profit/(loss)	2,138,143	474,288
Additional share acquisition	3,810,485	1,855,503
<b>Total change in the associate in accordance with equity method</b>	<b>5,948,628</b>	<b>2,329,791</b>
<b>Period end</b>	<b>13,124,219</b>	<b>7,175,591</b>

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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### 8 TRADE RECEIVABLES AND PAYABLES

	31 December 2017	31 December 2016
<b>Short term trade receivables</b>		
Receivables to be liquidated <sup>(1)</sup>	256,492,565	245,309,643
Specific provisions	(120,691,993)	(126,700,758)
Receivables on consultancy services	3,361,247	14,588,991
<i>Receivables on consultancy services</i>	<i>3,361,247</i>	<i>14,588,991</i>
<i>Doubtful trade receivables</i>	<i>134,438</i>	<i>242,018</i>
<i>Provision for doubtful trade receivables (-)</i>	<i>(134,438)</i>	<i>(242,018)</i>
Receivables from leveraged buy and sell transactions	3,918,649	--
Receivables from customers on credit <sup>(2)</sup>	11,102,923	1,699,604
Trade receivables due from related parties (Note 4)	620,081	192,587
Other	301,715	537
<b>Total</b>	<b>155,105,187</b>	<b>135,090,604</b>

<sup>(1)</sup> Loans and receivables of Istanbul Varlık, subsidiary of the Company, are recorded to financial statements at their amortized values by using collection expectations through effective interest method. As of 31 December 2017, 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 2,024,930,000 from banks and other financial institutions operating within Turkey for TL 224,495,000. The carrying value of non-performing loans after total provisions allocated is TL 135,800,572 as of 31 December 2017 (31 December 2016: TL 118,608,885).

<sup>(2)</sup> As of 31 December 2017, the interest rate applied by The Group to the loans given to the customers is between 10.11% and 12.27% (31 December 2016: 14%-17%). As of 31 December 2017, The Group has received a collateral amounting to TL 24,071,539 which is the fair value of the loans granted by the customers (31 December 2016: TL 5,284,590).

Movement of specific provisions is as follows:

	31 December 2017	31 December 2016
<b>Specific provisions</b>		
Beginning of the period	126,700,758	116,176,923
Provision amount for the period	(6,008,765)	10,523,835
<b>End of the period</b>	<b>120,691,993</b>	<b>126,700,758</b>

Movement of provisions for doubtful accounts is as follows:

	31 December 2017	31 December 2016
<b>Provisions for doubtful accounts</b>		
Beginning of the period	242,018	179,360
Provision amount for the period	(107,580)	62,658
<b>End of the period</b>	<b>134,438</b>	<b>242,018</b>

# Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at  
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

## 8 TRADE RECEIVABLES AND PAYABLES (Continued)

	31 December 2017	31 December 2016
<b>Short term trade payables</b>		
Other customer deposits	44,476,975	12,466,339
Related party customer deposits (Note 4)	35,615,313	74,405,832
Miscellaneous payables	1,310,680	1,109,430
Other trade payables	1,157,210	535,153
<b>Total</b>	<b>82,560,178</b>	<b>88,516,754</b>

## 9 OTHER RECEIVABLES AND PAYABLES

	31 December 2017	31 December 2016
<b>Short term other receivables</b>		
Guarantees given to Forex Capital Markets LTD.	19,507,835	31,704,638
Other deposits and guarantees given	1,141,521	144,725
Other receivables due from related parties (Note 4)	317,516	155,186
Guarantees given to Derivatives Market	215,507	315,557
Option trading receivables	--	796,400
Foreign receivables	--	94,571
Other	163,293	910,699
<b>Total</b>	<b>21,345,672</b>	<b>34,121,776</b>

### Other long term receivables

Deposits and guarantees given	82,857	80,331
<b>Total</b>	<b>82,857</b>	<b>80,331</b>

	31 December 2017	31 December 2016
<b>Other short term payables</b>		
<b>Taxes and funds payable</b>	<b>5,194,535</b>	<b>4,249,478</b>
Social security premiums payable	1,084,871	828,852
Value Added Tax payables ("VAT")	597,522	208,842
Payables to employees (Note 4)	75,963	156,708
Other	47,454	15,331
<b>Total</b>	<b>7,000,345</b>	<b>5,459,211</b>

## 10 PREPAID EXPENSES

	31 December 2017	31 December 2016
<b>Short term prepaid expenses</b>		
Prepaid expenses <sup>(1)</sup>	953,154	894,293
<b>Total</b>	<b>953,154</b>	<b>894,293</b>

<sup>(1)</sup> Prepaid expenses consists of information technologies and broadcasting expenses regarding following months.

# Ünlü Yatırım Holding A.Ş.

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## 11 OTHER ASSETS AND LIABILITIES

	31 December 2017	31 December 2016
<b>Other current assets</b>		
Advances given	702,093	977,660
Prepaid taxes and duties	1,661	294,989
Other	419,884	48,745
<b>Total</b>	<b>1,123,638</b>	<b>1,321,394</b>
<b>Other short term liabilities</b>		
Expense accruals	583,446	171,381
<b>Total</b>	<b>583,446</b>	<b>171,381</b>

## 12 ASSETS HELD FOR SALE

	31 December 2017	31 December 2016
Assets held for sale <sup>(1)</sup>	2,859,441	2,859,441
<b>Total</b>	<b>2,859,441</b>	<b>2,859,441</b>

<sup>(1)</sup> Assets held for sale consist of real estates and vehicles acquired during non-performing loan collection by İstanbul Varlık.

Movement of assets held for sale is as follows:

	31 December 2017	31 December 2016
<b>Assets held for sale</b>		
Beginning of the period	2,859,441	2,859,441
Sales made during the period	--	--
Purchases during the period	--	--
<b>Total</b>	<b>2,859,441</b>	<b>2,859,441</b>

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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

### 13 FINANCIAL LIABILITIES

	31 December 2017	31 December 2016
<b>Short term financial liabilities</b>		
Borrowings	105,387,742	68,304,256
Structured debt instruments (“SDI”) <sup>(1)</sup>	30,560,347	32,909,507
Financial liabilities due to related parties (Note 4)	16,254,868	9,955,929
Financial lease obligations	201,041	201,677
Payables to Money Markets <sup>(2)</sup>	100,907	6,304,912
<b>Total</b>	<b>152,504,905</b>	<b>117,676,281</b>
<b>Long term financial liabilities</b>		
Borrowings	35,430,731	36,976,646
Financial liabilities due to related parties (Note 4)	28,624,693	30,374,381
Financial lease obligations	--	213,361
<b>Total</b>	<b>64,055,424</b>	<b>67,564,388</b>

<sup>(1)</sup> Within the scope of issue certificate dated 28 July 2017 approved by CMB dated 28 July 2017 and decision numbered 29/983, 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 are as follows:

ISIN Code	Issue date	Issued nominal amount	Book value	Redemption date	Sales method	Coupon period
TR0DUUM00IU6	28 September 2017	500,000	511,770	2 January 2018	Qualified investor	Paid at maturity
TR0DUUM00KN7	3 November 2017	500,000	513,507	2 January 2018	Qualified investor	Paid at maturity
TR0DUUM00LS4	17 November 2017	500,000	512,959	2 January 2018	Qualified investor	Paid at maturity
TR0DUUM00M60	27 November 2017	2,490,000	2,530,822	4 January 2018	Qualified investor	Paid at maturity
TR0DUUM00M94	30 November 2017	5,000,000	5,073,466	4 January 2018	Qualified investor	Paid at maturity
TR0DUUM00MD4	7 December 2017	7,700,000	7,789,919	11 January 2018	Qualified investor	Paid at maturity
TR0DUUM00MQ6	13 December 2017	300,000	303,222	1 February 2018	Qualified investor	Paid at maturity
TR0DUUM00MP8	13 December 2017	300,000	302,397	1 February 2018	Qualified investor	Paid at maturity
TR0DUUM00MM5	14 December 2017	4,656,000	4,692,865	18 January 2018	Qualified investor	Paid at maturity
TR0DUUM00MY0	21 December 2017	3,032,000	3,046,412	25 January 2018	Qualified investor	Paid at maturity
TR0DUUM00N51	28 December 2017	3,490,000	3,495,006	1 February 2018	Qualified investor	Paid at maturity
TR0DUUM00N93	28 December 2017	401,000	401,575	1 February 2018	Qualified investor	Paid at maturity
TR0DUUM00N85	28 December 2017	1,402,080	1,386,427	31 January 2018	Qualified investor	Paid at maturity
<b>Total</b>		<b>30,271,080</b>	<b>30,560,347</b>			

<sup>(2)</sup> As of 31 December 2017, payables to Money Markets have maturity less than one month and interest rate is 13.80% (31 December 2016: payables to Money Markets have maturity less than one month and interest rate is between 9.20% and 9.65%).

Details of borrowings are as follows:

Currency of borrowings	31 December 2017			31 December 2016		
	Original amount	Amount in TL	Interest rate (%)	Original amount	Amount in TL	Interest rate (%)
TL	121,786,950	121,786,950	10.92-18.80	105,280,902	105,280,902	8.30
USD	16,944,003	63,911,084	3.30 - 4.90	11,460,079	40,330,310	2.07
<b>Total</b>		<b>185,698,034</b>			<b>145,611,212</b>	

# Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at  
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

## 13 FINANCIAL LIABILITIES (Continued)

Details of financial lease obligations are as follows:

	31 December 2017	31 December 2016
<b>Short term financial lease obligations</b>		
Up to 1 year	217,547	285,840
Less: Future finance charges on financial lease	(16,506)	(84,163)
<b>Total</b>	<b>201,041</b>	<b>201,677</b>
<b>Long term financial lease obligations</b>		
Less than 1-2 years	--	230,626
Future finance charges on financial lease	--	(17,265)
<b>Total</b>	<b>--</b>	<b>213,361</b>

## 14 OTHER FINANCIAL LIABILITIES

	31 December 2017	31 December 2016
<b>Other financial liabilities</b>		
Liabilities arising from short selling <sup>(1)</sup>	--	2,658,685
<b>Total</b>	<b>--</b>	<b>2,658,685</b>

<sup>(1)</sup> As at 31 December 2017, there is no liabilities arising from short selling transactions consist of common stocks (31 December 2016: TL 400,000 nominal value).

## 15 PROPERTY AND EQUIPMENT

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	--
<b>Net book value</b>	<b>1,850,414</b>	<b>547,553</b>	<b>221,781</b>	<b>1,223,695</b>	<b>3,843,443</b>
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)
<b>Net book value</b>	<b>1,850,414</b>	<b>547,553</b>	<b>221,781</b>	<b>1,223,695</b>	<b>3,843,443</b>



# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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

### 15 PROPERTY AND EQUIPMENT (Continued)

<b>31 December 2016</b>	<b>Office equipment</b>	<b>Furniture and fixtures</b>	<b>Other tangible asset</b>	<b>Leasehold improvements</b>	<b>Total</b>
Net book value, 1 January 2016	1,246,078	1,288,461	259,853	429,015	3,223,407
Additions	870,000	159,578	--	86,590	1,116,168
Depreciation charge	(533,146)	(235,872)	(17,177)	(211,911)	(998,106)
<b>Net book value</b>	<b>1,582,932</b>	<b>1,212,167</b>	<b>242,676</b>	<b>303,694</b>	<b>3,341,469</b>
Cost	4,942,086	3,924,102	476,670	2,385,919	11,728,777
Accumulated depreciation	(3,359,154)	(2,711,935)	(233,994)	(2,082,225)	(8,387,308)
<b>Net book value</b>	<b>1,582,932</b>	<b>1,212,167</b>	<b>242,676</b>	<b>303,694</b>	<b>3,341,469</b>

As at 31 December 2017 and 31 December 2016, there is no restriction or mortgage on the Group's tangible assets.

### 16 INTANGIBLE ASSETS

#### A. OTHER INTANGIBLE ASSETS

	<b>1 January 2017</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 December 2017</b>
Cost	3,376,943	398,614	(9,218)	3,766,339
Accumulated amortization	(1,591,286)	(759,880)	9,218	(2,341,948)
<b>Net book value</b>	<b>1,785,657</b>	<b>(361,266)</b>	<b>--</b>	<b>1,424,391</b>
	<b>1 January 2016</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 December 2016</b>
Cost	2,009,881	1,367,062	--	3,376,943
Accumulated amortization	(750,230)	(841,056)	--	(1,591,286)
<b>Net book value</b>	<b>1,259,651</b>	<b>526,006</b>	<b>--</b>	<b>1,785,657</b>

As at 31 December 2017 and 31 December 2016, the Group does not have any internally generated intangible assets.

#### B. GOODWILL

- i. The transfer of Ünlü Menkul Değerler A.Ş.'s 142,216,490 units of shares of a total of 179,399,700 units of shares with a value of 1 (one) kurus each, that constitutes 53% of the Company, that is owned by Standard Bank London Holdings Limited, and 59,033,300 units of shares which constitute 22% of the Company with a value of 1 (one) kurus each owned by Mahmut Levent Ünlü, to Ünlü Yatırım Holding A.Ş. 94.51% of whose shares are owned by Mahmut Levent Ünlü, via the share transfer agreement dated 10 April 2012 was approved by CMB on 29 August 2012.

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

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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

### 16 INTANGIBLE ASSETS (Continued)

#### B. GOODWILL (Continued)

- 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:

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

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 2017, the Group reviewed its valuation methods, analyzed future revenue expectations and applied goodwill impairment test on these expectations using discounted cash flow method, with the conclusion to that no impairment was identified.

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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### 17 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

#### (i) Short term provisions

	31 December 2017	31 December 2016
Provisions for lawsuits <sup>(1)</sup>	1,229,408	1,064,250
<b>Total</b>	<b>1,229,408</b>	<b>1,064,250</b>

<sup>(1)</sup> As of 31 December 2017 provisions for lawsuits amounting to TL 1,229,408 (31 December 2016: TL 1,064,250) consists of provisions for reemployment lawsuits.

Provision for lawsuits movement for the period ended 31 December 2017 and 2016 is as follows:

	31 December 2017	31 December 2016
<b>Provision for lawsuits</b>		
Beginning of the period	1,064,250	505,000
Provision for the period	165,158	559,250
<b>End of the period</b>	<b>1,229,408</b>	<b>1,064,250</b>

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

	31 December 2017	31 December 2016
Investment funds	2,240,085,248	2,432,066,316
Common stocks	1,004,663,451	1,192,576,070
Private sector cooperate bond, treasury bills and government bonds	46,410,750	40,913,812
Structured debt instruments	28,361,080	16,603,581
Eurobond	1,000,000	--

#### (iii) Letter of guarantees given

	31 December 2017	31 December 2016
Istanbul Settlement and Custody Bank Inc, money market deposit	26,500,000	22,000,000
İstanbul Takas ve Saklama Bankası A.Ş. Merkezi collateral guarantee	12,000,000	--
Collateral provided to courts and directorate of bailiff and execution	10,368,254	11,556,532
Collateral provided to IG Markets LTD for the leverage trading	5,657,850	--
Transaction collateral for ISE bonds and bills market	2,200,000	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	--	2,500,000
Guarantees given to Forex Capital Markets LTD. related to leverage trading	--	10,544,700
Collateral given to Aselsan Elektronik San. ve Tic. A.Ş.	--	100,000

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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

#### (iv) Securities given as collaterals

	31 December 2017		31 December 2016	
	Nominal value	Fair value	Nominal value	Fair value
CMB	400,000	406,276	300,000	276,243
<b>Total</b>	<b>400,000</b>	<b>406,276</b>	<b>300,000</b>	<b>276,243</b>

As of 31 December 2017, the cash collateral amounting to TL 74,355 was restricted on behalf of the CMB on İstanbul Takas ve Saklama Bankası A.Ş. ("Takasbank") (31 December 2016: TL 2,710,144) (Note 5).

#### (v) Contingent liabilities

As of 31 December 2017, the total commitment of 212 Capital Partners I Coöperatif U.A., which is classified as available-for-sale financial assets with a share of 3,31%, is USD 30,200,000 for all shareholders to raise in the future periods. 212 Capital Partners I Coöperatif U.A. within the year 2017, made a commitment payment and Ünlü Yatırım Holding A.Ş. has paid a total of US \$ 75,000 to the amount of 279,980 TL by paying 25,000 US Dollars on 18 January 2017, 20,000 US Dollars on 18 July 2017 and 30,000 US Dollars on 22 December 2017 (31 December 2016: The Company has paid USD 50,000 in 21 June 2016 and USD 70,000 in 6 September 2016, amounting to USD 120,000 and a total of TL 351,007.) (Note 6).

As of 31 December 2017, the total commitment amount in the following periods for all shareholders of Ünlü LT Investments Limited Partnership which is classified as investments valued with the equity methods in TAIL's financials with a 4.76% (2016: 4,76%) share rate, is USD 5,000,000 (2016: USD 5,000,000). Ünlü LT has been realized commitment payments and paid USD 3,547,619 within 2016 (Note 7) (2016: 2,500,000).

### 18 CONTINGENCIES AND COMMITMENTS

#### Explanations regarding derivatives

#### 31 December 2017

Contract definition	Maturity	Position	Number of contracts	Settlement price	Nominal value
O_TUPRSE0118P105	31 January 2018	Short	28	0.15	420
O_TUPRSE0118P110	31 January 2018	Short	27	0.37	999
<b>Net position</b>					<b>1,419</b>

#### 31 December 2016

Contract definition	Maturity	Position	Number of contracts	Settlement price	Nominal value
F_XU0300217S0	28 February 2017	Short	80	96.28	770,200
O_AKBNKE0217	28 February 2017	Long	254	0.24	6,096
O_GARANE0217	28 February 2017	Long	254	0.25	6,350
<b>Net position</b>					<b>782,646</b>

# Ünlü Yatırım Holding A.Ş.

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## 19 PROVISION FOR EMPLOYEE BENEFITS

	<b>31 December 2017</b>	<b>31 December 2016</b>
<b>Short term employee benefits</b>		
Bonus provision	4,463,970	5,094,200
Unused vacation provision	3,048,248	2,613,660
<b>Total</b>	<b>7,512,218</b>	<b>7,707,860</b>
<b>Long term employee benefits</b>		
Provision for employment termination benefits	1,637,521	2,065,407
<b>Total</b>	<b>1,637,521</b>	<b>2,065,407</b>

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

### Provisions for employment termination benefits

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.

	<b>31 December 2017</b>	<b>31 December 2016</b>
Discount rate (%)	4.69	4.25
Turnover rate to estimate the probability of retirement (%)	88.7	74

The basic assumption is that the determined value for every working year increases proportional to inflation. Using this assumption, the existing discount ratio shows the real ratio, unaffected by inflation. Therefore, the maximum amount of employment termination benefits of the Group is determined every six months and is calculated using the maximum amount of TL 4,732 which is valid since 1 July 2017 (31 December 2016: TL 4,093).

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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

### 19 PROVISION FOR EMPLOYEE BENEFITS (Continued)

#### Provisions for employment termination benefits (Continued)

Movements in the bonus provision for the year ended 31 December 2017 and 2016 are as follows:

	<b>31 December 2017</b>	<b>31 December 2016</b>
Beginning of the period	5,094,200	9,526,279
Change during the period	4,463,970	5,094,200
Disposals from subsidiaries sales transaction (-)	(5,094,200)	(9,526,279)
<b>End of the period</b>	<b>4,463,970</b>	<b>5,094,200</b>

Movements in the provision for unused vacation for the year ended 31 December 2017 and 2016 are as follows:

	<b>31 December 2017</b>	<b>31 December 2016</b>
Beginning of the period	2,613,660	1,971,334
Provision during the period	593,444	824,035
Payment during the period (-)	(158,856)	(181,709)
<b>End of the period</b>	<b>3,048,248</b>	<b>2,613,660</b>

Movements in the provision for employment termination benefits for the year ended 31 December 2017 and 2016 are as follows:

	<b>31 December 2017</b>	<b>31 December 2016</b>
Beginning of the period	2,065,407	1,494,258
Service cost	518,436	492,418
Interest cost	270,851	220,139
Actuarial gain/(loss)	(662,813)	98,512
Payment during the period (-)	(554,360)	(239,920)
<b>End of the period</b>	<b>1,637,521</b>	<b>2,065,407</b>

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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### 20 SHAREHOLDERS’ EQUITY

#### Share capital

As of 31 December 2017 and 2016, share capital structure of the parent Company is as follows:

Name of the shareholder	31 December 2017		31 December 2016	
	Amount (TL)	Share (%)	Amount (TL)	Share (%)
Mahmut Levent Ünlü	31,999,996	84.2981	31,999,996	84.9632
The Wellcome Trust Ltd. as Trustee of the Wellcome Trust <sup>(4)</sup>	3,720,288	9.8004	3,720,288	9.8777
Standard Bank Group Ltd. <sup>(3)</sup>	1,675,412	4.4136	1,675,412	4.4484
Kağan Çevik <sup>(1)</sup>	120,919	0.3185	71,089	0.1887
Simge Ündüz <sup>(1)</sup>	84,575	0.2228	67,075	0.1781
Tunç Yıldırım <sup>(1)</sup>	44,100	0.1162	29,100	0.0773
Can Ünalın <sup>(1) (2)</sup>	88,225	0.2324	28,225	0.0749
İbrahim Romano <sup>(1) (2)</sup>	52,379	0.1380	17,067	0.0453
Mehmet Sait Sezgin <sup>(1)</sup>	31,345	0.0826	13,948	0.0370
Mehmet Batur Özyar <sup>(1)</sup>	23,516	0.0619	11,016	0.0292
Tahir Selçuk Tuncalı <sup>(1) (2)</sup>	40,000	0.1054	9,978	0.0265
Vedat Mizrahi <sup>(1)</sup>	22,275	0.0587	7,275	0.0194
Burak Dedeler	2,500	0.0066	--	--
Ayşe Akkın Çakan	7,500	0.0198	--	--
Erdem Selim	7,500	0.0198	--	--
Mediha Esra Korkmazarslan	7,500	0.0198	--	--
Sema Arın	7,500	0.0198	--	--
Tuncay Kuli	7,500	0.0198	--	--
Cevdet Uygur Aksoy	7,500	0.0198	--	--
Mustafa Sönmez	5,000	0.0132	--	--
Kemal Kerem Göktan	2,500	0.0066	--	--
Utku Özyay	2,500	0.0066	--	--
Kamil Atilla Köksal <sup>(2)</sup>	1	0.0000	1	0.0000
Ünlü Yatırım Holding A.Ş. <sup>(5)</sup>	--	--	7,079	0.0188
Demet Kargin <sup>(1) (5)</sup>	--	--	5,792	0.0155
Hakan Suha Ansen <sup>(1) (5)</sup>	--	--	--	--
<b>Total</b>	<b>37,960,531</b>	<b>100.00</b>	<b>37,663,341</b>	<b>100.00</b>

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

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

Within this scope, in 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 (31 December 2016: 84,675 shares worth TL 970,377 on behalf of Group employees.) However, the Company’s obligation to deliver these pledged shares to the employees that these shares are registered on behalf of will only arise within the scope of the requirements and when the loyalty period ends. As per the same agreement, the Company has the right to pay the current market value of the shares as of the delivery date to the employees who are entitled to these shares, instead of delivering them the shares.

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

<sup>(3)</sup> 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.

<sup>(4)</sup> As of 12 February 2016, The Wellcome Trust has invested TL 52,176,060 through a capital increase and has a 9.90% share in the Company. The mentioned capital increase was registered with the Istanbul Trade Registry Directorate on 17 February 2016 and published in the Turkish Trade Registry Gazette dated 23 February 2016 and numbered 9017.

<sup>(5)</sup> In accordance with the decision of the Board of Directors dated 4 November 2016 numbered 2016/23, it has been decided to acquire the shares of Hakan Suha Ansen with a nominal value of TL 7,079. The Company has accounted its share in the amount of TL 88,204, which is the fair value of this share, in shareholders’ equity. It has been decided that the Company will acquire the shares amounting to TL 5,792 from Demet Kargin who is one of the shareholders of the Company. The Company has accounted its share in the shareholders’ equity account amounting to TL 38,089 which is the fair value of this share.

# Ünlü Yatırım Holding A.Ş.

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### **20 SHAREHOLDERS' EQUITY (Continued)**

#### **Share capital (Continued)**

With the decision of the Ordinary General Assembly dated 4 September 2012, the capital of Ünlü Yatırım Holding A.Ş. was raised to TL 32,000,000 from TL 50,000. Capital increase had been fully covered by Mahmut Levent Ünlü. This capital increase decision had been registered with Trade Registry Gazette numbered 8154 dated 11 September 2012.

As a result of the Ordinary General Assembly meeting held on 23 May 2014, the paid-in capital of the Company was increased from TL 32,000,000 to TL 32,153,606, and Article 6 of the Company's Articles of Association was changed. This capital increase was made by issuing shares at a premium, and pre-emptive rights of Mahmut Levent Ünlü and Kamil Attila Köksal were removed.

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

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

As a result of the Extraordinary General Assembly held on 12 February 2016, the paid-in capital of the Company increased from TL 33,858,378 to TL 37,578,666 and the 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 Ünalın, İbrahim Romano, Tahir Selçuk Tuncalı, Vedat Mizrahi, Hakan Ansen, Mehmet Sait Sezgin, Demet Kargin and Kamil Attila Köksal were not included in the capital increase by giving up their privileged rights.

#### **Share premium**

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

As a result of the Ordinary General Assembly meeting held on 19 December 2017, the paid-in capital of the Company has been increased from 37,663,341 TL to 37,960,531 TL.

A portion of the capital increase amounting to TL 2,000,088.70 exceeding TL 297,190 has been added to the legal reserves as share premiums. The capital-increase is made by deducting Premium share and Standart Bank Group Limited, The Wellcome Trust Limited as Trustee of the Wellcome Trust, Mahmut Levent Ünlü, Kamil Attila Köksal ve Ayşe Akkın did not participate in the capital-increase and renounced their privileged rights.

As of 31 December 2017, the authorized capital of the Company is TL 37,960,531 (31 December 2016: TL 37,663,341). As of 31 December 2017, the capital is divided into 37,960,531 shares with a nominal of TL 1 (full) (31 December 2016: TL 1, 37,663,341 shares). As of 31 December 2017, the share-based rights related to the bonus system described above are accounted for on an accrual basis.

Standard Bank Group Ltd. paid a capital contribution of TL 24,408,000 in return for 4.95% share in the company on 20 October 2015. TL 22,732,588 of the premium of this capital contribution is subject share as of 31 December 2017 because it exceeds TL 1,675,412.



# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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

### 20 SHAREHOLDERS' EQUITY (Continued)

#### Other comprehensive income

Due to on TAS 19 standard, the Group has actuarial gain amounting to TL 344,288 (31 December 2016: TL 184,699 actuarial loss) of net tax comes from employee termination benefit provision.

Currency translation profit amounting to TL 20,713,980 (31 December 2016: TL 16,801,732 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 2017, retained earnings of the Group are TL 29,299,432 (31 December 2016: TL 26,104,299).

### 21 SALES AND COST OF SALES

	1 January – 31 December 2017	1 January – 31 December 2016
<b>Sales</b>	<b>1,176,159,188</b>	<b>1,969,295,227</b>
Sales of government bonds	817,625,663	1,566,918,970
Sales of common stocks	285,955,142	298,232,776
Sales of financial bonds	62,758,438	96,164,949
Consultancy income	6,321,749	7,978,532
Sales of investment funds	3,498,190	--
Covered warrants	6	--
<b>Service income</b>	<b>102,751,964</b>	<b>97,162,697</b>
Interest income from loans <sup>(4)</sup>	37,165,720	36,378,266
Domestic corporate finance income	27,952,525	29,695,728
Commission on sales of common stocks	20,648,309	11,174,048
Foreign corporate finance income	8,822,574	11,448,615
Profit due from Forex transactions	4,092,955	4,683,867
Portfolio management income	1,545,366	2,930,109
Commission on custody transactions	529,256	419,907
Success and performance fee	--	68,355
Fund early exit commission	281	4,662
Other service income	1,994,978	359,140
<b>Deductions from services income (-)</b>	<b>71,809</b>	<b>10,687,852</b>
Special provision expense to loans (-)	22	10,523,835
Sales returns (-)	7	101,359
Provision expense for doubtful receivables (-)	71,780	62,658
<b>Financial sector operations income</b>	<b>1,278,839,343</b>	<b>2,055,770,072</b>
Cost of government bonds (-)	817,228,430	1,566,103,381
Cost of common stocks (-)	285,797,627	297,136,873
Cost of financial bonds (-)	63,661,555	96,154,092
Cost of investment funds (-)	3,383,173	--
<b>Financial sector operations cost (-)</b>	<b>1,170,070,785</b>	<b>1,959,394,346</b>
<b>Gross profit from financial sector operations</b>	<b>108,768,558</b>	<b>96,375,726</b>

<sup>(4)</sup> The interest income from loans has been composed of collections from non-performing loan receivables of the Company's direct subsidiary, İstanbul Varlık. Interest expenses on borrowings which are used for financing of these receivables are classified under financial expense (Note 25).

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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

### 22 EXPENSES BY NATURE

	1 January – 31 December 2017	1 January – 31 December 2016
<b>Marketing, sales and distribution expenses</b>		
Marketing and distribution expenses	3,329,266	2,990,361
Advertisement and publicity expenses	884,867	489,141
Representation expenses	536,527	635,917
<b>Total</b>	<b>4,750,660</b>	<b>4,115,419</b>
<b>General administrative expenses</b>		
Personnel expenses	57,379,717	53,902,088
Attorney, consultancy and audit expenses	7,639,331	7,850,305
Tax and sundry expenses	5,525,651	4,641,646
Data line rental expense	2,991,626	2,279,131
Rent expenses	2,670,314	2,194,115
Travel expenses	1,849,493	1,395,619
Depreciation and amortization expenses (Note 15 and 16)	1,789,229	1,839,162
Information technology expenses	1,208,140	1,080,842
Office building administrative expenses	1,120,242	904,750
Communication expenses	997,505	1,457,649
Vehicle expenses	735,712	640,611
Lawsuit provision expenses (Note 17)	165,158	559,250
Other general administrative expenses	4,210,108	3,339,213
<b>Total</b>	<b>88,282,226</b>	<b>82,084,381</b>

### 23 OTHER OPERATING INCOME/EXPENSE

	1 January – 31 December 2017	1 January – 31 December 2016
<b>Other operating income</b>		
Other service income	281,364	214,531
Agreement charge outs	125,891	341,809
<b>Total</b>	<b>407,255</b>	<b>556,340</b>

### 24 FINANCIAL INCOME

	1 January – 31 December 2017	1 January – 31 December 2016
Foreign exchange gain	28,578,307	16,595,238
Interest income	10,579,880	7,252,498
Derivative market operations income	5,725,393	854,996
Investment securities income rediscounts	1,394,434	1,156,158
Dividend income	416,043	342,702
Other financial income	--	8,806
<b>Total</b>	<b>46,694,057</b>	<b>26,210,398</b>

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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

### 25 FINANCIAL EXPENSE

	1 January – 31 December 2017	1 January – 31 December 2016
Foreign exchange losses	31,290,099	14,413,913
Interest expenses <sup>(1)</sup>	19,016,026	12,888,012
Issued debt instruments interest expense	5,794,407	1,203,069
Option trading expenses	2,599,781	815,000
Interest expenses paid to Money Markets	1,045,546	871,410
Repo interest expense	522,240	525,208
ViOB operations losses	281,179	--
Other financial expense	788,608	350,759
<b>Total</b>	<b>61,337,886</b>	<b>31,067,371</b>

<sup>(1)</sup> Interest expenses include TL 15,474,342 (31 December 2016: TL 10,513,855) of borrowing interest expenses that are used for financing of non-performing loan receivables of the Company's direct subsidiary İstanbul Varlık.

### 26 TAX ASSETS AND LIABILITIES

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% (2016: 20%) of temporary tax is calculated and paid on the quarterly earnings and the amounts paid in this manner are deducted from the tax calculated on the annual earnings. In the event that the advance tax paid remains despite the indictment, this amount can be refunded or offset against other government liabilities.

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

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

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

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

	1 January – 31 December 2017	1 January – 31 December 2016
Current year tax expense	1,732,096	2,156,708
Deferred tax income/(expense)	4,887,288	3,983,179
<b>Total tax income/(expense)</b>	<b>6,619,384</b>	<b>6,139,887</b>

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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

### 26 TAX ASSETS AND LIABILITIES (Continued)

The breakdown of cumulative temporary differences and the related deferred tax assets and liabilities as of 31 December 2017 and 31 December 2016, calculated using the enacted tax rates, are as follows:

	Temporary differences		Deferred tax assets (/liabilities)	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Tax deductible previous years' losses	67,813,585	92,557,888	14,766,161	18,511,577
Provision for employment termination benefit and vacation pay liability	4,002,926	4,679,067	852,269	935,813
Expense accruals	--	1,451,419	--	290,284
Lawsuit provision	1,206,829	1,064,250	265,502	212,850
Provision for doubtful receivables	134,438	242,018	29,576	48,404
Other	194,896	191,177	42,878	38,235
<b>Deferred tax assets</b>			<b>15,956,386</b>	<b>20,037,163</b>
Loans and receivables valuation differences	88,322,728	89,934,999	17,664,546	17,987,000
Tax effect arising from investments valued with equity method	53,923,026	25,899,154	10,784,605	5,179,831
Income accruals	--	11,693,232	--	2,338,646
Value increase in available for sale financial assets	1,357,543	1,181,861	271,509	236,372
Difference between tax base and carrying value of tangible and intangible assets	1,147,645	928,009	230,880	185,602
Other	118,461	3,760	26,063	752
<b>Deferred tax liabilities</b>			<b>28,977,603</b>	<b>25,928,203</b>
<b>Impairment on deferred tax assets <sup>(4)</sup></b>			<b>--</b>	<b>(2,076,829)</b>
<b>Net-off</b>			<b>(11,208,954)</b>	<b>(15,891,542)</b>
<b>Deferred tax assets</b>			<b>4,747,432</b>	<b>4,145,621</b>
<b>Deferred tax liabilities</b>			<b>17,768,649</b>	<b>12,113,489</b>

<sup>(4)</sup> As of 31 December 2016, Plato Finans and DU Finans subsidiaries of the Company, had considered their work plan, and impaired their deferred tax which can be deducted from tax base in the following years, Accounting to TL 2,076,829.

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

	31 December 2017	31 December 2016
Profit /(Loss) before tax	26,409,482	10,258,077
Theoretical income tax at the applicable tax rate of 20%	5,281,896	2,051,615
Impact of different tax rates applicable to profits in the respective countries	782,450	1,039,089
Current period tax losses which no deferred tax is calculated	358,836	--
Non-deductible expenses	327,077	88,061
Other	(130,875)	255,994
Portion of income/expense of investments accounted through equity method	--	1,758,268
Taxation effects of consolidation adjustments	--	936,712
<b>Current year tax expense</b>	<b>6,619,384</b>	<b>6,139,887</b>

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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

### 26 TAX ASSETS AND LIABILITIES (Continued)

As of 31 December 2017, the Company has TL 19,964,294 accumulated losses.

As of 31 December 2017 tax deductible losses and last deduction dates of the Company are as follows:

	Carry forward tax losses	Last deduction date
2014	2,846,325	31 December 2019
2015	9,476,592	31 December 2020
2016	7,641,377	31 December 2021
<b>Total</b>	<b>19,964,294</b>	

As of 31 December 2017, İstanbul Varlık, subsidiary to the Company, has TL 52,634,220 accumulated losses. As of 31 December 2017 tax deductible losses and last deduction dates of İstanbul Varlık are as follows:

	Carry forward tax losses	Last deduction date
2013 <sup>(1)</sup>	9,823,560	31 December 2018
2014	24,148,131	31 December 2019
2015	17,508,585	31 December 2020
2016	1,153,944	31 December 2021
<b>Total</b>	<b>52,634,220</b>	

<sup>(1)</sup> The Company is exempted from tax investigation and assessment by increasing its tax base for the years 2012 and 2013 by considering the minimum tax base within the scope of the "Law on Restructuring of Certain Receivables" numbered 6736 and published in the Official Gazette dated 19 August 2016 and numbered 29806.

<sup>(2)</sup> As of 31 December 2017 İstanbul Varlık calculated deferred tax asset amounting TL 10,526,844 over TL 47,849,291 of the tax losses amounting to TL 52,634,220.

As of 31 December 2017, Plato Finans, subsidiary of the Company, has TL 8,765,064 accumulated losses. As of 31 December 2017, Plato Finans's tax losses carried forward and last deduction dates are as follows:

	Carry forward tax losses	Last deduction date
2014 <sup>(1)</sup>	2,604,507	31 December 2019
2015 <sup>(1)</sup>	2,924,578	31 December 2020
2016 <sup>(1)</sup>	3,113,629	31 December 2021
2017 <sup>(1)</sup>	122,350	31 December 2022
<b>Total</b>	<b>8,765,064</b>	

<sup>(1)</sup> As of 31 December 2017, Plato Finans, had considered its work plan, and calculated that it will not use financial loss which can be deducted from tax base in the following years, amounting to TL 8,765,064. As of 31 December 2016 have not been subjected to the impairment of deferred tax assets for future use.

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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

### 26 TAX ASSETS AND LIABILITIES (Continued)

As of 31 December 2017 DU Finans subsidiary of the Company has TL 1,973,047 accumulated losses.

As of 31 December 2017, 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	712,138	31 December 2021
2017	812,518	31 December 2022
<b>Total</b>	<b>1,973,047</b>	

<sup>(1)</sup> As of 31 December 2017, DU Finans, had considered its work plan, and calculated that it will not use financial loss which can be deducted from tax base in the following years, amounting to TL 1,973,047. As of 31 December 2016 have not been subjected to the impairment of deferred tax assets for future use.

### 27 EARNINGS PER SHARE

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

	31 December 2017	31 December 2016
<b>Basic</b>		
1. Profit from continuing operations attributable to owners of the parent	19,822,848	4,865,833
2. Weighted average number of ordinary shares in issue	37,811,936	35,922,440
<b>3. Earnings per share (1/2)</b>	<b>0.5242</b>	<b>0.1355</b>
<b>Diluted</b>		
4. Profit from continuing operations attributable to owners of the parent	19,822,848	4,865,833
5. General administrative expenses arising from share-based payments	1,075,761	492,082
6. Profit used to determine diluted earnings per share (4+5)	20,898,609	5,357,915
7. Weighted average number of ordinary shares in issue	37,811,936	35,922,440
8. Adjustments for: Share-based payments	297,190	25,039
9. Weighted average number of ordinary shares in for diluted earnings per share (7+8)	38,109,126	35,947,479
<b>10. Diluted earnings per share (6/9)</b>	<b>0.5484</b>	<b>0.1490</b>

### 28 FINANCIAL RISK MANAGEMENT

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

#### (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.

# Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at  
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

## 28 FINANCIAL RISK MANAGEMENT (Continued)

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

	Receivables					
	Trade receivables	Other receivables	Related parties	Other parties	Bank deposits <sup>(1)</sup>	Financial investments <sup>(2)</sup>
<b>31 December 2017</b>						
<b>Maximum credit risk exposure as of the financial statements date (A+B+C+D)</b>	<b>620,081</b>	<b>154,485,106</b>	<b>317,516</b>	<b>21,028,156</b>	<b>207,233,489</b>	<b>20,072,154</b>
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	275,311,537	317,516	21,028,156	207,233,489	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	--	--	--	--	--	--
	Receivables					
	Trade receivables	Other receivables	Related parties	Other parties	Bank deposits <sup>(1)</sup>	Financial investments <sup>(2)</sup>
<b>31 December 2016</b>						
<b>Maximum credit risk exposure as of the financial statements date (A+B+C+D)</b>	<b>192,587</b>	<b>134,898,017</b>	<b>155,186</b>	<b>33,966,590</b>	<b>180,062,520</b>	<b>23,835,203</b>
Maximum credit risk under guaranteed through net collateral, or etc.						
A. Net carrying value of financial assets which are neither impaired nor overdue	192,587	261,840,793	155,186	33,966,590	180,062,520	23,835,203
B. Net carrying value of impaired assets collateralized portion of the net exposure	--	--	--	--	--	--
C. Net book value of assets exposed to impairment loss	--	126,942,776	--	--	--	--
- Overdue (gross book value)	--	--	--	--	--	--
- Impairment loss (-)	--	126,942,776	--	--	--	--
- 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	--	--	--	--	--	--

<sup>(1)</sup> Money market operations receivables, VIOP warrants and Type B liquid funds are included.

<sup>(2)</sup> 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.

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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

### 28 FINANCIAL RISK MANAGEMENT (Continued)

#### (ii) Information on liquidity risk

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

As at 31 December 2017 the Group have TL 118,461 receivables from derivative instruments (31 December 2016: None). 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 2017 and 31 December 2016:

<b>31 December 2017</b>	<b>Carrying value</b>	<b>Up to 1 month</b>	<b>1 to 3 months</b>	<b>3 months to 1 year</b>	<b>1 year to 5 years</b>	<b>Demand</b>	<b>Total contractual cash outflows</b>
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
<b>Total liabilities</b>	<b>306,704,298</b>	<b>151,189,369</b>	<b>19,879,193</b>	<b>72,915,146</b>	<b>75,762,285</b>	<b>--</b>	<b>319,745,993</b>

<b>Maturity according to agreement</b>	<b>Nominal value</b>	<b>Up to 1 month</b>	<b>1 to 3 months</b>	<b>3 months to 1 year</b>	<b>1 year to 5 years</b>	<b>Demand</b>	<b>Total contractual cash outflows</b>
<b>Financial derivative instruments</b>							
Derivative cash inflows	11,490,000	11,608,461	--	--	--	--	11,608,461

<b>31 December 2016</b>	<b>Carrying value</b>	<b>Up to 1 month</b>	<b>1 to 3 months</b>	<b>3 months to 1 year</b>	<b>1 year to 5 years</b>	<b>Demand</b>	<b>Total contractual cash outflows</b>
Financial liabilities <sup>(1)</sup>	185,240,669	23,579,882	60,790,687	43,040,382	73,435,796	315,367	201,162,114
Trade payables	2,658,685	2,658,685	--	--	--	--	2,658,685
Other payables	88,516,754	88,082,703	420,581	13,470	--	--	88,516,754
Other liabilities	5,630,592	2,850,946	2,779,646	--	--	--	5,630,592
<b>Total liabilities</b>	<b>282,046,700</b>	<b>117,172,216</b>	<b>63,990,914</b>	<b>43,053,852</b>	<b>73,435,796</b>	<b>315,367</b>	<b>297,968,145</b>



# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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### 28 FINANCIAL RISK MANAGEMENT (Continued)

#### (iii) Information on market risk

##### Foreign currency risk

Assets and liabilities denominated in foreign currency held by the Group as at 31 December 2017 and 31 December 2016 in original currency and total TL equivalents are as follows:

	31 December 2017				31 December 2016			
	TL Equivalent	USD	TL Equivalent	USD	TL Equivalent	USD	TL Equivalent	USD
Cash at banks	88,591,209	23,218,366	100,667	110,090	49,458,017	13,302,554	519,385	165,969
Trade receivables	2,823,065	496,393	204,996	4,933	13,260,565	248,704	3,336,590	1,600
Other assets	19,651,165	5,209,885	--	--	--	--	--	--
<b>Total assets</b>	<b>111,065,440</b>	<b>28,924,644</b>	<b>305,663</b>	<b>115,023</b>	<b>62,718,582</b>	<b>13,551,258</b>	<b>3,855,975</b>	<b>167,569</b>
Trade payables	55,853,851	14,378,907	169,725	167,639	64,783,812	6,345,351	11,252,830	163,555
Financial liabilities	63,739,061	16,898,396	--	--	--	--	--	--
<b>Total liabilities</b>	<b>119,592,912</b>	<b>31,277,303</b>	<b>169,725</b>	<b>167,639</b>	<b>64,783,812</b>	<b>6,345,351</b>	<b>11,252,830</b>	<b>163,555</b>
The amount of long position off-balance sheet derivative instruments denominated in foreign currency	--	--	--	--	--	--	--	--
The amount of short position off-balance sheet derivative instruments denominated in foreign currency	11,608,461	3,077,616	--	--	--	--	--	--
<b>Off-balance sheet derivative instruments' net asset/(liability) position</b>	<b>11,608,461</b>	<b>3,077,616</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Net foreign currency asset/(liability) position</b>	<b>(20,135,934)</b>	<b>(5,430,275)</b>	<b>135,938</b>	<b>(52,616)</b>	<b>(2,065,230)</b>	<b>7,205,907</b>	<b>(7,396,855)</b>	<b>4,014</b>

##### Foreign currency sensitivity analysis

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

# Ünlü Yatırım Holding A.Ş.

Notes to the Consolidated Financial Statements as at  
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

## 28 FINANCIAL RISK MANAGEMENT (Continued)

### (iii) Information on market risk (Continued)

#### Foreign currency risk (Continued)

#### Foreign currency sensitivity analysis (Continued)

	Profit/loss		Shareholders' equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>31 December 2016</b>				
10% change in USD foreign currency rate				
1. USD net asset/(liability)	2,535,903	(2,535,903)	2,535,903	(2,535,903)
2. Hedged portion against USD risk (-)	--	--	--	--
<b>3. Net effect of USD (1+2)</b>	<b>2,535,903</b>	<b>(2,535,903)</b>	<b>2,535,903</b>	<b>(2,535,903)</b>
10% change in EUR foreign currency rate				
4. EUR net asset/(liability)	(2,744,159)	2,744,159	(2,744,159)	2,744,159
5. Hedged portion against EUR risk (-)	--	--	--	--
<b>6. Net effect of EUR (4+5)</b>	<b>(2,744,159)</b>	<b>2,744,159</b>	<b>(2,744,159)</b>	<b>2,744,159</b>
10% change in GBP foreign currency rate				
7- GBP net asset/(liability)	1,734	(1,734)	1,734	(1,734)
8- Hedged portion against GBP risk (-)	--	--	--	--
<b>9- Net effect of GBP (7+8)</b>	<b>1,734</b>	<b>(1,734)</b>	<b>1,734</b>	<b>(1,734)</b>
<b>TOTAL (3+6+9)</b>	<b>(206,522)</b>	<b>206,522</b>	<b>(206,522)</b>	<b>206,522</b>

#### Interest rate risk

According to the daily market conditions, the Group invests its cash as securities held for trading, reverse repurchase agreements or bank deposits.

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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### 28 FINANCIAL RISK MANAGEMENT (Continued)

#### (iii) Information on market risk (Continued)

##### Interest rate profile

	31 December 2017	31 December 2016
<b>Fixed rate financial instruments</b>		
Financial assets		
Financial assets held for trading		
Investment securities held for trading	406,276	276,243
Time deposits and receivables from reverse repurchase agreements	172,296,916	156,802,190
Financial liabilities		
Financial liabilities	141,019,514	104,013,819
Payables to Money Markets	100,907	6,304,912
<b>Floating rate financial instruments</b>		
Financial asset		
Financial assets held for trading		
Private sector bonds	10,042,213	3,400,567
Available for sale financial assets		
Private sector bonds	111,000	--
Financial liabilities		
Financial liabilities	44,879,561	42,012,431
Structured debt instruments	30,560,347	32,909,507

The profit before tax of the Group from the financial asset valuation will decrease by TL 652,867 (31 December 2016: TL 715,214) and increase by TL 652,867 (31 December 2016: TL 715,214) in the case of 100 basis point decrease/increase in TL market interest rates with all other factors remaining constant as of 31 December 2017.

##### Price risk

As at 31 December 2017 there is no common stocks in Group's portfolio, measured at fair value through profit or loss. As at 31 December 2016 according to Group's analysis, the profit before tax of the Group from the financial asset valuation will increase/decrease by TL 445,129 in the case of a 5% increase/decrease in BİST index with all other factors remaining constant.

According to Group's analysis, the profit before tax of the Group from the financial asset valuation will increase/decrease by TL 71 (31 December 2016: TL 39,132) in the case of a 5% increase/decrease in Derivative Markets index with all other factors remaining constant as of 31 December 2017.

#### (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.

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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

### 29 DERIVATIVE INSTRUMENTS

As of 31 December 2017 and 31 December 2016 details of derivative instruments are follows:

	31 December 2017		31 December 2016	
	Assets	Liabilities	Assets	Liabilities
Swap operations	118,461	--	--	--
<b>Total</b>	<b>118,461</b>	<b>--</b>	<b>--</b>	<b>--</b>

### 30 FINANCIAL INSTRUMENTS

#### *Fair value of the financial instruments*

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

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

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

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

	31 December 2017		31 December 2016	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>				
Banks	205,877,360	205,877,360	177,717,913	177,717,913
Trade receivables	155,105,187	155,105,187	135,090,604	133,664,927
Financial investments	23,833,261	23,833,261	32,357,296	32,357,296
<b>Financial liabilities</b>				
Financial liabilities	216,560,329	216,560,329	185,240,669	185,240,669

#### *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.

# Ünlü Yatırım Holding A.Ş.

## Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2017

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

### 30 FINANCIAL INSTRUMENTS (Continued)

<b>31 December 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets held for trading	18,784,566	1,176,588	--	19,961,154
Available-for-sale financial assets <sup>(1)</sup>	--	1,517,254	111,000	1,628,254
Derivative instruments	--	118,461	--	118,461
<b>31 December 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets held for trading	28,411,357	--	--	28,411,357
Available-for-sale financial assets <sup>(1)</sup>	--	1,341,572	--	1,341,572

<sup>(1)</sup> BİST shares classified by the Group as available-for-sale financial assets are valued based on the bid price declared by BİST and are shown in Level 2.

### 31 DISCLOSURES OF INTERESTS IN OTHER ENTITIES

	<b>Non-controlling interest share percentage</b>	<b>Non-controlling interest share profit/(loss)</b>	<b>Accumulated non-controlling interests</b>	<b>Unpaid capital by non-controlling interests</b>	<b>Dividend paid ton on controlling interests</b>
<b>31 December 2017</b>					
Mena Finans	25.00%	(5,882)	21,100	--	--
Plato Finans <sup>(1)</sup>	5.19%	(26,439)	(142,820)	--	--
<b>Total</b>		<b>(32,321)</b>	<b>(121,720)</b>	<b>--</b>	<b>--</b>
<b>31 December 2016</b>					
Mena Finans	25.00%	(995)	26,981	--	--
Plato Finans <sup>(1)</sup>	23.98%	(746,648)	(537,335)	(822,000)	--
<b>Total</b>		<b>(747,643)</b>	<b>(510,354)</b>	<b>(822,000)</b>	<b>--</b>

<sup>(1)</sup> As explained in Note 2.D (a), the share of non-controlling interests has changed in the period.

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

	<b>31 December 2017</b>	<b>31 December 2016</b>
<b>Plato Finans information of condensed balance sheet</b>		
Current assets	383,066	1,060,442
Non-current assets	1,083,273	1,268,416
<b>Total assets</b>	<b>1,466,339</b>	<b>2,328,858</b>
Short-term financial liabilities	1,501,574	1,548,098
Other short-term liabilities	2,555,308	3,529,634
Other long-term liabilities	159,277	313,890
<b>Total liabilities</b>	<b>4,216,159</b>	<b>5,391,622</b>
Paid in capital	7,000,000	7,000,000
Unpaid capital	--	(822,000)
Accumulated losses	(9,558,091)	(9,039,782)
Other comprehensive income	(191,728)	(200,982)
<b>Net assets</b>	<b>(2,749,819)</b>	<b>(3,062,764)</b>

# Ünlü Yatırım Holding A.Ş.

*Notes to the Consolidated Financial Statements as at  
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## 31 DISCLOSURES OF INTERESTS IN OTHER ENTITIES (Continued)

	<b>1 January – 31 December 2017</b>	<b>1 January – 31 December 2016</b>
<b>Plato Finans information of condensed income statement</b>		
Sales	10,579,434	6,456,988
Net loss for the period	(517,322)	(3,113,629)
Other comprehensive income	8,267	411
<b>Total Comprehensive Income Distribution</b>		
Non-controlling interest	(26,439)	(746,648)
Equity holders of the parent	(482,616)	(2,366,570)
<b>Plato Finans information of condensed cash flow statement</b>		
Cash flow used in by operating activities	(526,399)	(2,787,294)
Cash flows provided by investment activities	(135,163)	2,233,503
Cash flows provided by financing activities	666,378	535,873
Net decrease in cash and cash equivalents	4,816	(17,918)
Cash and cash equivalents at the beginning of the period	10,213	28,131
Cash and cash equivalents at the end of the period	15,029	10,213

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

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.

## 32 SUBSEQUENT EVENTS

None.



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