ICBC Turkey Yatırım Menkul Değerler Anonim Şirketi and its Subsidiary

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

ICBC Turkey Yatırım Menkul Değerler Anonim Şirketi

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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of ICBC Turkey Yatırım Menkul Değerler Anonim Şirketi

A) Audit of the Financial Statements

Opinion

We have audited the financial statements of ICBC Turkey Yatırım Menkul Değerler Anonim Şirketi, which comprise the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by Capital Markets Board of Turkey ("CMB") and 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 Financial Statements* section of our report. We declare that we are independent of the Company 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.

Key Audit Matter

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

Revenue recognition

See Note 2.7 for the accounting policies related to the recognition of revenue and the details of the significant accounting estimates and assumptions used.

The key audit matter	How the matter was addressed in our audit
The Company has revenue amounting to TL 185.848.457 thousands recognized as "revenue" in the statement of profit or loss and other comprehensive income for the period 1 January - 31 December 2018. The revenue generated by the Company is primarily from financial asset sales and brokerage commissions. Due to the nature of the Company's operations, the number of transactions taken into consideration in determining the revenue amount and accounting for revenue because of using different methods and parameters in the calculation of revenue is determined as the key audit matter.	The audit procedures we apply in this area include: The compliance of accounting policies applied by the Company management with TFRS is evaluated. The Company's revenue process is understood; the design, implementation and operational efficiency of the internal controls on the accounting process of the management were tested together with our information systems specialists. In order to verify that the revenues are recognized as appropriate, the supporting documents received on the basis of transaction based on the sample selected from the transactions carried out during the accounting period and the details of these transactions were tested. Expectation analysis was performed for brokerage commission income.

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting processes.

Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the 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 the CMB and 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 financial statements.

As part of an audit in accordance with the standards on auditing issued by the CMB and 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2018, the Company's bookkeeping activities and 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

Ali Tuğrul Uzun, SMMM
Engagement Partner

20 February 2019
İstanbul, Turkey

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

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

	Notes	Audited Current Period 31 December 2018	Audited Prior Period 31 December 2017
ASSETS			
Current Assets			
Cash and cash equivalents	3	512.735.578	414.696.596
Financial investments	5	16.343.065	31.549.387
Trade receivables	4	56.260.083	67.840.360
- Due from related parties	*19*	*82.579*	*80.584*
- Other trade receivables		*56.177.504*	*67.759.776*
Other Receivables	6	1.488	91.982
- Due from related parties		-	-
- Other receivables		*1.488*	*91.982*
Prepaid expenses	6	6.700	8.810
Current tax assets	6	125.164	35.242
Total current assets		**585.472.078**	**514.222.377**
Non-current assets			
Financial investments	5	159.711	159.711
Other receivables	6	1.464.665	1.193.760
-Due from related parties		-	-
-Other receivables		*1.464.665*	*1.193.760*
Tangible assets	7	881.962	1.140.590
Intangible assets	8	257.204	286.306
Deferred tax assets	18	1.333.328	545.941
Total non-current assets		**4.096.870**	**3.326.308**
Total assets		**589.568.948**	**517.548.685**

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

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

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

	Notes	Audited Current Period 31 December 2018	Audited Prior Period 31 December 2017
Liabilities			
Short term liabilities			
Trade payables	4	466.675.110	416.579.456
-Due to related parties		-	-
-Other trade payables		*466.675.110*	*416.579.456*
Payables for employee benefits	6	310.732	513.549
Short term provisions		3.224.049	1.893.852
-Employee benefits	11	*3.162.451*	*1.863.553*
-Other short term provisions	9	*61.598*	*30.299*
Tax and duties payable	6	2.605.195	1.296.170
Current period tax liability	18	-	1.720.528
Total current liabilities		**472.815.086**	**422.003.555**
Long term liabilities			
Long term provisions		2.179.085	974.917
-Employee benefits	11	*2.179.085*	*974.917*
Deferred tax liabilities			
Total non-current liabilities		**2.179.085**	**974.917**
Equity			
Paid in capital	12	76.000.000	76.000.000
Adjustments to share capital	12	31.279	31.279
Change in fair value of financial assets	12	(143.503)	(27.320)
Other comprehensive income that will never be reclassified to profit or loss		(1.168.150)	(160.381)
-Actuarial loss related to pension plans		*(1.168.150)*	*(160.381)*
Restricted reserves		2.143.656	1.302.183
Prior period's profit/loss		16.087.671	625.948
Net profit for the period		21.623.824	16.798.504
Total equity		**114.574.777**	**94.570.213**
Total liabilities and equity		**589.568.948**	**517.548.685**

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

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY CONSOLIDATED STATEMENT PROFIT OR LOSS AND OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

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

	Notes	Audited 1 January - 31 December 2018	Audited 1 January - 31 December 2017
Statement of profit or loss			
Sales	13	149.779.950	146.003.127
Service income	13	36.068.506	30.052.783
Cost of sales (-)	13	(148.666.878)	(145.526.798)
Gross profit/loss from operations		**37.181.578**	**30.529.112**
Interest income from operations	13	16.459.298	15.624.179
Gross profit		**53.640.876**	**46.153.291**
General administrative expenses (-)	14	(35.063.510)	(24.453.587)
Other operating income	15	3.123	54.685
Other operating expenses (-)	15	(339.773)	(1.514.738)
Operating profit		**18.240.716**	**20.239.651**
Financial income	16	11.149.020	1.602.403
Financial expenses (-)	17	(1.773.659)	(820.177)
Profit before taxation from continuing operations		**27.616.077**	**21.021.877**
Tax income / (expense) from continuing operations		**(5.992.253)**	**(4.223.373)**
Current tax income / (expense)	18	(6.324.471)	(4.557.887)
Deferred tax income / (expense)	18	332.218	334.514
Profit / (loss) from continuing operations		**21.623.824**	**16.798.504**
Profit / (loss) from discontinued operations		**-**	**-**
Profit for the period		**21.623.824**	**16.798.504**
Statement of other comprehensive income			
Change in remeasurements of defined benefit liability			
Changes in fair value reserves		(1.292.011)	(167.587)
Tax income / (loss) about other comprehensive income		(148.953)	(34.771)
		317.012	40.471
Other comprehensive income/(loss) after tax		**(1.123.952)**	**(161.887)**
Total comprehensive income / (expense)		**20.499.872**	**16.636.617**

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

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

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

	Paid in capital	Adjustment to share capital	Fair value reserves	Actuarial gains and losses related to pension plans	Restricted reserves	Prior period's profit/loss	Net profit for the period	Equity
1 January 2017	**25.000.000**	**31.279**	**497**	**(451.754)**	**1.033.339**	**6.888.206**	**5.006.586**	**37.508.153**
Total comprehensive income								
Profit for the period	-	-	-	-	-	-	16.798.504	**16.798.504**
Actuarial gain/loss	-	-	-	291.373	-	-	-	**291.373**
Changes in fair value of financial assets available for sale	-	-	(27.817)	-	-	-	-	**(27.817)**
Total Comprehensive Income	**25.000.000**	**31.279**	**(27.320)**	**(160.381)**	**1.033.339**	**6.888.206**	**21.805.090**	**54.570.213**
Transfers to retained earnings	-	-	-	-	-	4.737.742	(4.737.742)	-
Transfers to reserves	-	-	-	-	268.844	-	(268.844)	-
Capital increase	51.000.000	-	-	-	-	(11.000.000)	-	**40.000.000**
Balance at 31 December 2017	**76.000.000**	**31.279**	**(27.320)**	**(160.381)**	**1.302.183**	**625.948**	**16.798.504**	**94.570.213**
1 January 2018	**76.000.000**	**31.279**	**(27.320)**	**(160.381)**	**1.302.183**	**625.948**	**16.798.504**	**94.570.213**
Total comprehensive income								
Adjustments related to accounting policy changes	-	-	-	-	-	(495.308)	-	**(495.308)**
Profit for the period	-	-	-	-	-	-	21.623.824	**21.623.824**
Actuarial gain/loss	-	-	-	(1.007.769)	-	-	-	**(1.007.769)**
Changes in fair value of financial assets available for sale	-	-	(116.183)	-	-	-	-	**(116.183)**
Total Comprehensive Income	**76.000.000**	**31.279**	**(143.503)**	**(1.168.150)**	**1.302.183**	**130.640**	**38.422.328**	**114.574.777**
Transfers to retained earnings	-	-	-	-	-	15.957.031	(15.957.031)	-
Trasnfers to reserves	-	-	-	-	841.473	-	(841.473)	-
Balance at 31 December 2018	**76.000.000**	**31.279**	**(143.503)**	**(1.168.150)**	**2.143.656**	**16.087.671**	**21.623.824**	**114.574.777**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Notes	1 January- 31 December 2018	1 January- 31 December 2017
A. Cash flow from operating activities		**62.102.433**	**(24.138.463)**
Net profit for the period		**21.623.824**	**16.798.504**
Adjustments for:		**(6.922.419)**	**5.620.554**
Adjustment for depreciation	7,8	520.407	682.315
Adjustment for amortization		983.675	-
Adjustment for vacation pay liability		221.654	26.103
Adjustment for employee termination benefit		1.479.117	343.880
Adjustment for financial income (excluding exchange difference income)		(16.459.298)	(475.294)
Adjustment for financial expense		339.773	820.177
Deferred tax expense / (income)		(332.218)	(334.514)
Current tax expense	18	6.324.471	4.557.887
Change in working capital		**37.403.390**	**(43.073.647)**
Financial investments (the financial assets at fair value through profit or loss)		15.206.322	(24.938.324)
Changes in receivables from related parties		(1.995)	(47.067)
Changes in trade receivables		-	(33.374.916)
Changes in other trade receivables		11.582.272	-
Changes in client assets		(37.285.925)	(247.534.858)
Changes in other receivables		(268.223)	(854.534)
Changes in trade payables		50.095.654	263.015.711
Changes in other liabilities and provisions		(1.575.301)	834.957
Employee termination benefits payments	11	(274.949)	(123.024)
Employee permission benefits payments	11	(74.465)	(51.592)
Cash flows from operating activities		**9.997.638**	**(3.483.874)**
Interests and commissions paid		(125.934)	(654.218)
Dividend income and interests received		16.448.043	7.883
Taxes paid	18	(6.324.471)	(2.837.539)
B. Cash flows from investing activities		**(232.678)**	**38.335.709**
Acquisition of tangible and intangible assets	7,8	(232.678)	(1.664.291)
Capital increase	12	-	40.000.000
C. Cash flows from financing activities		**61.869.755**	**-**
Repayments of financial liabilities		-	-
Net cash flows before effect of change in Exchange rates on cash and cash equivalents (A+B+C)		**61.869.755**	**14.197.246**
D. Effects of changes in exchange rates on cash and cash equivalents		**-**	**-**
Net increase/decrease in cash and cash equivalents (A+B+C+D)		**61.869.755**	**14.197.246**
E. Cash and cash equivalents at the beginning of the period	**3**	**24.580.409**	**10.383.163**
Cash and cash equivalents at the end of the period (A+B+C+D+E)	**3**	**86.450.164**	**24.580.409**

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

1. Organization and operations of the Company

ICBC Turkey Yatırım Menkul Değerler Anonim Şirketi (the "Company''), formerly Tekstil Menkul Değerler Anonim Şirketi, was established on December 5, 1996 and started its operations on January 10, 1997 by obtaining the operation certificate from Capital Market Boards of Turkey ("CMB").

In the context of the decision number 561 taken at the Board of Director's Meeting on 31 May 2016, the Company's trade name has been changed and registered as "ICBC Turkey Yatırım Menkul Değerler Anonim Şirketi" on 9 June 2016 at the Trade Registry Gazette.

The Company applied to renew certificate of authorities in accordance with Capital Market Law's Communiqué numbered III-37.1 "Disclosure of Investment Services and Operations with Ancillary Services Principles" and Communiqué numbered III-39.1 "Principles of Establishment and Activities of Investment Firms". As a result, the Company was authorized as "Broad Authorized Intermediary Firm" as at 1 January 2016 according to Capital Market Law serial 6362.

The Company has the following certificates of authorization from Capital Market Boards of Turkey ("CMB"):

- Brokerage transaction activity
- Portfolio brokerage activity
- Individual portfolio management
- Investment advisory activity
- Mediation by the IPO brokerage underwriting
- Limited Custodian service.

ICBC Turkey Bank A.Ş. owns 99.99% shares of the Company. The Parent Bank of ICBC Turkey Bank A.Ş. is Industrial and Commercial Bank of China Limited ("ICBC"). Headquarters address of the Company is Maslak Mahallesi Dereboyu/2 Caddesi No:13 34398 Sarıyer İstanbul. The Company has 101 employees as at 31 December 2017 (31 December 2017: 92).

Information on subsidiary

Subsidiary of the Company, ICBC Turkey Portföy Yönetimi Anonim Şirketi (Formerly named as "Tekstil Portföy Yönetimi Anonim Şirketi"), was established on 21 April 2015. The Company and its subsidiary have been consolidated. The Company and its subsidiary are named as "the Group" as a whole.

2. Basis of presentation of financial statements

2.1. Basis of presentation

2.1.1. Accounting standards applied

The accompanying financial statements are prepared in accordance with the Communiqué numbered II-14.1, "Basis for Financial Reporting in Capital Markets"("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to the Communiqué, financial statements are prepared in accordance with Turkish Financial Repoting Standarts ("TFRS") which are published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). TAS consists of Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations.

The financial statements are presented in accordance with the TAS Taxonomy published by the POA and the formats specified in the Financial Statements Examples and User Guidelines published by the CMB.

The financial statements as of and for the year ended 31 December 2018 were approved by the Board of Directors of the Company on 20 February 2019. Within the framework of the legislation, the authorized committees of the Company have the authority to change the financial statements.

2.1.2. The preparation of financial statements

The accompanying financial statements have been prepared in accordance with the announcement of "Principle of Financial Reporting" on 13 June 2013.

2.1.3. Offsetting

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

2.1.4. Going concern

The Company prepared its financial statements according to going concern assumption.

2.1.5. Presentation currency

Financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the result and financial position are expressed in Turkish Lira ("TRY"), which is the functional of the Company and the presentation currency of the Company.

2.2. Changes in accounting policies estimates and errors

Any change in the accounting policies resulted from the first time adoption of a new TAS/TFRS is made either retrospectively or prospectively in accordance with the transition requirements of TAS/TFRS. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period financial statements.

2.3. Changes in accounting estimates

The Group has not restated the comparative information for financial instruments within the scope of TFRS 9 for the year 2018 and the total impact on the initial implementation of the standard has been shown in the statement of profit or loss in the current period since it is not material.

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

2. Basis of presentation of financial statements (continued)

2.3. Changes in accounting estimates(continued)

2.3.1. Applied accounting standards

TFRS 9 Financial Instruments

TFRS 9 regulates the recognition and measurement of financial assets and financial liabilities. This standard replaces the TAS 39 Financial Instruments: Recognition and Measurement standard from 1 January 2018.

The Group has not restated the comparative information for financial instruments within the scope of TFRS 9 for 2018 and the total impact on the first implementation of the standard is presented below.

	TFRS 9'u uygulamanın açılış bakiyeleri üzerindeki etkisi (TL)
Previous Year Profits / Losses	
Accounting for expected credit losses in accordance with TFRS 9	635.010
Tax effect	(139.702)
Impact as of January 1, 2018	495.308

The Group did not restate the comparative information for the financial instruments within the scope of TFRS 9 for the year 2017 and the total impact on the initial implementation of the standard is not reflected in the consolidated statement of profit or loss in the current period.The details of significant new accounting policies and the impact and nature of changes in prior accounting policies are set out below.

Classification and measurement of financial assets and financial liabilities

IFRS 9 substantially retains the provisions in TAS 39 for the classification and measurement of financial liabilities. However, for prior financial assets, loans and receivables and available-for-sale financial assets, the previous TAS 39 classification categories have been removed.

Under TFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or fair value through profit or loss ("FVTPL"). The classification of financial assets under TFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. Basis of presentation of financial statements (continued)

2.3. Changes in accounting estimates(continued)

2.3.1. Applied accounting standards(continued)

- All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.
- A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.
- The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Financial assets measured at fair value through other comprehensive income	Gains or losses on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings.
Equity instruments at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognized in profit or loss unless it is explicitly intended to recover part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are not reclassified to profit or loss.

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

2. Basis of presentation of financial statements (continued)

2.3. Changes in accounting estimates(continued)

2.3.1. Applied accounting standards(continued)

Impairment

Provision for losses is accounted for the expected credit losses related to the amortized cost or fair value change of the financial statements and other financial assets and other financial assets. The expected credit losses should be estimated to be unbiased, weighted according to probabilities, and should include supportable information about past events, current conditions and future economic conditions.

Financial assets included in TFRS 9 are divided into three stages after the initial recognition based on the change in credit quality and the expected credit loss is calculated according to the stage:

Stage 1: Financial assets that do not have a significant increase in the credit risk after they are first recognized in the financial statements or at the time of initial financial statements. For these financial assets, 12 months expected credit losses are recognized.

Stage 2: Financial assets that have a significant increase in the credit risk after the first time taken in the financial statements are transferred to stage 2. For these financial assets, the life expectancy is recognized as credit loss.

Stage 3: Stage 3 includes financial assets with sufficient and impartial evidence that they have suffered an impairment as of the reporting date. For these financial assets, the life expectancy is recognized as credit loss.

As of 1 January 2018, the Company has started to calculate a provision for impairment on its financial assets in accordance with TFRS 9. The Company has no financial assets in Stage 2 and Stage 3. Therefore, the expected credit loss provision is set aside in Stage 1.

The Company has chosen lifetime ECLs to calculate the impairment of trade receivables.

The effects of the classification and measurement of financial instruments and impairment changes are explained in the table below:

According to TAS 39 **Balances as of 31 December 2017**	
Additional impairment recognized on 1 January 2018:	
Cash and Cash Equivalents	495.308
Opening balances after TFRS 9 adoption	**495.308**

2. Basis of presentation of financial statements (continued)

2.3. Changes in accounting estimates(continued)

2.3.1. Applied accounting standards

Trade Receivables and Contract Assets

The following analysis provides more detailed information on the calculation of the financial assets and contractual assets of IFRS 9 with the commencement of TFRS 9. The Company considers some of the assumptions used in calculating the model it uses and those ECLs as the main sources of estimation uncertainty.

It has calculated the ECLs according to the experience of credit losses in the last seven years. The company has realized the ECL rate calculations separately for its customers and other customers.

The experience of the credit loss has been adjusted based on the economic conditions during the collection of historical data and the current conditions and numerical factors to reflect the Company's views on economic conditions during the expected life of the receivables

TFRS 15 Revenue from Contracts with Customers.

TFRS 15 Revenue from Customer Contracts provides a single and comprehensive model and guide to registering revenue and replaces the TMS 18 Revenue standard.

The standard is effective from 1 January 2018 and it has no material impact on the financial statements of the Company.

2.4 Standards issued but not yet effective and not early adopted

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

TFRS 16 Leases

On 16 April 2018, POA issued the new leasing standard which will replace TAS 17 *Leases*, TFRS Interpretation 4 *Determining Whether an Arrangement Contains a Lease*, TAS Interpretation 15 *Operating Leases – Incentives*, and TAS Interpretation 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* and consequently changes to TAS 40 *Investment Properties*. TFRS 16 *Leases* eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts TFRS 15 *Revenue from Contracts with Customers*. The company is assessing the potential impact on its financial statements resulting from the application of TFRS 16.

2 Basis of presentation of financial statements (continued)

2.4 Standards issued but not yet effective and not early adopted (continued)

TFRS Interpretation 23 –Uncertainty Over Income Tax Treatments

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

Amendments to TFRS 9 - Prepayment features with negative compensation

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

The revised Conceptual Framework (updated)

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

2 Basis of presentation of financial statements (continued)

2.4 Standards issued but not yet effective and not early adopted (continued)

Annual Improvements: 2015-2017 Cycle

Annual Improvements to TFRSs

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

IFRS 3 Business Combinations and *IFRS 11 Joint Arrangements*

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

IAS 12 Income Taxes

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

IAS 23 Borrowing Costs

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

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

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

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

UFRS 17 Insurance Contracts

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

2 Basis of presentation of financial statements (continued)

2.4 Standards issued but not yet effective and not early adopted (continued)

UFRS 17 Insurance Contracts

On 18 May 2017, IASB issued IFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. IFRS 17 has an effective date of 1 January 2022 but companies can apply it earlier. The company is assessing the potential impact on its financial statements resulting from the application of IFRS 17.

Amendments to IAS 1 and IAS 8 - Definition of Material

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are summarised below.

(a) Revenue

(i) Brokerage services in capital markets

Income obtained from the brokerage services is recorded to the profit or loss at the transaction date. The brokerage services income is recorded daily to the profit or loss on an accrual basis until there is an estimate of the Company's management occurs related to the uncertainty of the collection.

(ii) Trading gain / loss on securities sale and purchases

Income/expense on securities sale/purchases are recorded as income/loss on the same date of sale/purchase order given.

(b) Property and equipment

All property and equipment are carried at cost less depreciation (Note 9).

Depreciation is calculated on property and equipment using the straight-line method over their estimated useful lives as follows:

Office equipment and fixtures	3 - 5 years

Leasehold improvements are depreciated over the lower of the periods of the respective leases and useful lives, on a straight-line basis.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and impairments are recognised in the profit or loss.

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.

(c) Intangible assets

Intangible assets consist of software. They are recorded at acquisition cost and amortised on a straight-line basis over their estimated economic lives for a period not exceeding between three and five years from the date of acquisition (Note 10).

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(d) Accounting policies applied before 1 January 2018

(i) Trading securities

Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or a dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit making exists.

Trading securities are initially recognised at cost and are subsequently re-measured at fair value.

In assessing the fair value of the trading securities, the best bid price as of the balance sheet date is used.

All related realised and unrealised gains and losses, dividends received and interest earned whilst holding trading securities is reported as "Finance income" or "Finance costs".

All regular purchases and sales of trading securities are recognised at the settlement date, which is the date that the asset is delivered to/from the Company.

(ii) Investment securities held to maturity

Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices, are classified as available-for-sale. Management determines the appropriate classification of its investments at the time of the purchase.

Available-for-sale securities are initially recognised at cost. Available-for-sale investment debt and equity securities are subsequently measured at fair value, or amounts derived from cash flow models. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in the shareholders' equity, unless there is a permanent decline in the fair values of such assets, in which case they are charged to the income statement. When the securities are disposed of or impaired, the related accumulated fair value adjustments are transferred to the income statement.

Available-for-sale equity securities that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Available-for-sale equity securities that do not have a quoted market price in an active market and whose fair values cannot be measured are carried at cost, less provision for impairment.

Investment securities with fixed maturity where management has both the intent and the ability to hold to maturity are classified as held-to-maturity. Held-to-maturity investments are carried at amortised cost using the effective yield method, less any provision for impairment.

Interest earned while holding investment securities is reflected to the financial statements as interest income. The dividends receivable is included separately in dividend income when a dividend is declared. All purchases and sales of investment securities are recognised at the settlement date, which is the date that the asset is delivered to/from the Company.

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(d) Accounting policies applied before 1 January 2018(continued)

iii) Sale and repurchase agreements

Securities sold under sale and repurchase agreements ("repos") are retained in the financial statements and the counterparty liability is recorded as due to customers. Securities purchased under agreements to resell ("reverse repos") are recorded as reverse repo receivables on the cash and due from banks account, together with the difference between the sale and repurchase price, which is accrued evenly over the life of the agreement using the effective yield method.

(e) Foreign exchange transactions

Transactions denominated in foreign currencies are accounted for at the exchange rates prevailing at the date of the transactions and monetary assets and liabilities denominated in foreign currencies translated by using year-end exchange rates of the Central Bank of the Republic of Turkey's bid rates. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

The foreign exchange rates used by the Company as of 31 December 2018 and 31 December 2017 are as follows.

	USD	EUR	GBP	CNY
31 December 2018	5,2810	6,0422	6,7135	0,76345
31 December 2017	3,7719	4,5155	5,0803	0,57622

(f) Earnings per share

In accordance with the Turkish Accounting Standard related with Earnings per Share, TAS 33, it is not mandatory to disclose earnings per share information for the entities whose shares are not quoted in stock exchange. Since the shares of the Company are not quoted in stock exchange, earnings per share is not calculated and disclosed in the accompanying financial statements.

(g) Events after the reporting period

Events after the reporting period 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 events after the reporting period arise which require an adjustment to the financial statements. Non-adjusting events are disclosed when material.

(h) Related parties

For the purpose of these financial statements, the shareholders, key management personnel and Board members, in each case together with companies controlled by or affiliated with them are considered and referred to as related parties (Note 24).

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(i) Deferred tax

Deferred income tax is provided for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income taxes.

Deferred tax liabilities are recognised for all taxable temporary differences since they are realized in the past and it is expected that they will be realized in the foreseeable future (Note 22).

(j) Employee benefits

(i) Reserve for employee severance payments

Employee termination benefits, as required by the Turkish Labour Law, are recognised in these financial statements as they are earned. The total provision represents the present value of the future probable obligation of the Company arising from the retirement of its employees regarding the actuarial projections in accordance with TAS 19 (2011) "Employee Benefits" (Note 11).

(ii) Vacation pay liability

In accordance with existing labour law in Turkey, the Company is required to make payments to employees for the remaining vacation days up to the termination date regarding on the current salary amount (Note 12).

(k) Reporting of cash flows

For the purposes of cash flow statement, cash and cash equivalents include reserve repurchase receivables cash and due from banks with original maturity periods of less than three months (Note 4).

(l) Provisions, contingent assets and liabilities

Provisions are recognized when the company's management has legal or constructive obligation arising from past events, probable that an outflow of resources embodying economic benefits to fulfil this obligation and when liability can be estimated reliably, provision made such amount of liability enclosed in financial statements. Contingent liabilities are continuously evaluated for identify the possibility of an outflow is probable for resources contain economic benefits. Except where possibility is remote to outflow of resources contain economic benefits, are disclosure in financial statements. If it becomes probable that an inflow of economic benefits, disclosure is made in the financial statements about contingent assets. If it has become virtually certain that an inflow of economic benefits will arise, disclosure is made the date on which the changes comes about it.

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(m) Taxation on Corporate Income

Corporate tax is calculated according to the Tax Procedural Law, and tax expenses except corporate tax are recognised in operating expenses (Note 22).

(n) Share capital and dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared. Cash and cash equivalent dividends which will be received from investment securities are accounted for income at the date of announcement.

(o) Transfer pricing

In Turkey, transfer pricing provisions are stated under Article 13 of the Corporate Tax Law under the heading "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007, details the implementation of the law.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with the arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

As stated in "7.1 Annual Documentation" of the related communiqué, corporate taxpayers shall prepare "Transfer Pricing, Controlled Companies (Affiliates) and Thin Capitalisation Form" regarding to sale or purchase of goods and services with related parties and declare to tax authorisation in attachment of Corporate Tax Statement.

(p) Impairment of assets

Assets, except for financial assets, are subject to tests for indicators of impairment. If the carrying value of an asset is greater than its recoverable value then a provision for impairment is recognised. Net recoverable value is the higher of the net sales value or value in use. Value in use of an asset is estimated as the total of projected future cash inflows and salvage value at the end of the useful life of the asseBölümlere göre Raporlama

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

3. Cash and cash equivalents

	31 December 2018	31 December 2017
Time deposit	484.085.237	392.426.297
Demand deposit	19.910.016	12.670.299
Receivables from Money Markets	9.724.000	9.600.000
Expected credit loss provision	(983.675)	-
Cash and cash equivalents on statement of financial position	**512.735.578**	**414.696.596**

	31 December 2018	31 December 2017
Minus: Customer assets (*)	(427.257.835)	(390.116.187)
Minus: Interest accruals	(11.254)	-
Minus: Expected credit loss provision	983.675	-
Cash and cash equivalents on statement of cash flows	**86.450.164**	**24.580.409**

(*) Customer assets which consist of the customer investments not yet evaluated as at 31 December 2018, are recognised under the Company's deposit accounts although the Company does not have control on these accounts. Therefore, customer assets are not included within cash and cash equivalents in the statement of cash flows.

As at 31 December 2017, time deposit interest rates for TL is 24,90% (31 December 2017:9%- 24,90% for TL). The Group holds the time deposits in overnight accounts.

As at 31 December 2018 and 31 December 2017, the details of bank deposits are as follows:

	31 December 2018	31 December 2017
Time deposit account (other banks)	309.024.094	389.082.480
Time deposit - (ICBC Turkey Bank) (Note 20)	175.061.143	3.343.817
Demand deposit account (other banks)	13.988.528	2.031.199
Demand deposit account – (ICBC Turkey Bank) (Note 20)	5.921.488	10.639.100
Total	**503.995.253**	**405.096.596**

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

4. Trade receivables and payables

Short term trade receivables:

	31 December 2018	31 December 2017
Receivables from loan customers	45.009.202	50.234.761
Receivables from TDE	6.060.394	5.661.500
Receivables from customers	5.100.932	11.823.889
Doubtful trade receivables	162.484	162.484
Provision for doubtful trade receivables	(162.484)	(162.484)
Receivables from related parties	82.579	80.584
Other trade receivables	6.302	38.780
Receivables from clearing houses abroad	674	674
Deposits and guarantees	-	172
Total	**56.260.083**	**67.840.360**

Short term trade payables:

	31 December 2018	31 December 2017
Payables to customers (*)	461.197.612	410.754.920
Other payables	5.477.498	5.824.536
Total	**466.675.110**	**416.579.456**

(*) Payables to customers, mostly consist of TDE collateral and customers' receivables from money market.

5. Financial Investments

a) Current assets

	31 December 2018	31 December 2017
Held for trading marketable securities		
Financial assets at fair value through profit or loss	12.847.781	30.534.017
Available for sale financial investments		
Available for sale financial investments	3.495.284	1.015.370
Total	**16.343.065**	**31.549.387**

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

5. Financial Investments *(Continued)*

	31 December 2018	31 December 2017
Available for sale financial investments		
Government bonds	3.495.284	1.015.370
Total	**3.495.284**	**1.015.370**

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

	31 December 2018	31 December 2017
Trading marketable securities	**Carrying value**	**Carrying value**
ICBC Turkey Portföy Yönetimi Investment Fund	12.832.810	30.520.748
Equity shares – *Traded in stock exchange*	14.971	13.269
Total	**12.847.781**	**30.534.017**

As at 31 December 2018 and 31 December 2017, the details of financial assets available for sale government bonds are as follows:

	31 December 2018		31 December 2017	
Financial assets available for sale	**Amount**	**Effective interestrate**	**Amount**	**Effective interest rate**
Government bonds	3.495.284	17,96%-22,57%	1.015.370	12,15%-12,73%
Total	**3.495.284**		**1.015.370**	

Non-current assets – Financial assets available for sale	**31 December 2018**	**31 December 2017**
Stock – Istanbul Stock Exchange (ISE) (*)	159.711	159.711
Total	**159.711**	**159.711**

(*) As at 31 December 2018 the Company's share on capital of Istanbul Stock Exchange is 0,0377%. The nominal value of the shares held by the Company is 15.971.094 amounting to TL 159.711 (31 December 2017: TL 159.711).

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

6. Other receivables and payables

As at 31 December 2018 and 31 December 2017, the details of other receivables and payables are as follows:

Prepaid Expenses

	31 December 2018	31 December 2017
Prepaid expenses	6.700	8.810
Total	**6.700**	**8.810**

As of December 31, 2018 and December 31, 2017, prepaid expenses mainly comprise of health insurance, investor protection fund, TSPB, ISE and TDE annual fees, authorization certificate obtained from CMB and rents.

Current tax assets

	31 December 2018	31 December 2017
Prepaid taxes	125.164	35.242
Total	**125.164**	**35.242**

Other short term other receivables

	31 December 2018	31 December 2017
Short term receivables	1.488	474
Receivables from personnel	-	91.508
Total	**1.488**	**91.982**

Other long term other receivables

As at 31 December 2018 and 31 December 2017, the details of long term other receivables are as follows:

	31 December 2018	31 December 2017
Deposits given	1.464.665	1.193.760
Total	**1.464.665**	**1.193.760**

Deposits given consists of guarantees given by the Company to operate in TDE as at 31 December 2018 and 31 December 2017.

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

6. Other receivables and payables *(Continued)*

Taxes and duties payable

	31 December 2018	31 December 2017
Taxes and duties payable	2.605.195	1.296.170
Total	**2.605.195**	**1.296.170**

The amount of tax and dues payable mostly consists of the tax deductions (withholdings) for the customer transactions.

Payables for employee benefits

	31 December 2018	31 December 2017
Social security premium payable	310.732	513.549
Total	**310.732**	**513.549**

7. Tangible Assets

Movements of tangible assets for the years ended 31 December 2018 and 31 December 2017 are as follow:

	Machinery and Equipment	Furniture and Fixtures	Other Tangible Assets	Total
Acquisition cost				
Opening balance, 1 January 2017	1.350.730	135.807	294.548	1.781.085
Additions	1.365.165	23.835	-	1.389.000
Disposals	-	-	-	-
Closing balance, 31 December 2017	**2.715.895**	**159.642**	**294.548**	**3.170.085**
Opening balance, 1 January 2018	2.715.895	159.642	294.548	3.170.085
Additions	165.187	34.645	27.039	226.871
Disposals	-	-	-	-
Closing balance, 31 December 2018	**2.881.082**	**194.287**	**321.587**	**3.396.956**
Accumulated depreciation				
Opening balance, 1 January 2017	995.744	120.344	289.227	1.405.315
Charge for the period	616.718	5.993	1.469	624.180
Disposals	-	-	-	-
Closing balance, 31 December 2017	**1.612.462**	**126.337**	**290.696**	**2.029.495**
Opening balance, 1 January 2018	1.612.462	126.337	290.696	2.029.495
Charge for the period	466.341	12.737	6.421	485.499
Closing balance, 31 December 2018	**2.078.803**	**139.074**	**297.117**	**2.514.994**
Net Book Value				
31 December 2017	1.103.433	33.305	3.852	1.140.590
31 December 2018	802.279	55.213	24.470	881.962

As of 31 December 2018 and 31 December 2017, the Group does not have any financial leasing assets. There are no mortgages, pledges and collaterals on tangible assets. All depreciation expenses are included in general administrative expenses.

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

8. Intangible Assets

Movements of intangible assets for the periods ended 31 December 2018 and 31 December 2017 are as follow:

	Computer software
Acquisition cost	
Opening balance, 1 January 2017	358.167
Additions	275.291
Closing balance, 31 December 2017	**633.458**
Opening balance, 1 January 2018	633.458
Additions	5.807
Closing balance, 31 December 2018	**639.265**
Accumulated amortization	
Opening balance, 1 January 2017	289.017
Charge for the period	58.135
Closing balance, 31 December 2017	**347.152**
Opening balance, 1 January 2018	347.152
Charge for the period	34.908
Closing balance, 31 December 2018	**382.060**
Net Book Value	
31 December 2017	286.306
31 December 2018	257.204

As of 31 December 2018 and 31 December 2017, the Group does not have any financial leasing assets. There is no mortgage, pledge or collateral on intangible assets. All redemption expenses are included in general administrative expenses.

9. Provisions, contingent assets and liabilities

Short term provisions

Short term provisions for the periods ended 31 December 2018 and 31 December 2017 are as follow:

	31 December 2018	**31 December 2017**
Other provisions	61.598	30.299
Total	**61.598**	**30.299**

The Group does not have any contingent assets and liabilities as of 31 December 2018 (31 December 2017: None).

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

9. Provisions, contingent assets and liabilities (continued)

Commitments

As at 31 December 2018 and 31 December 2017, the details of the letters of guarantee and promissory notes are as follows:

	31 December 2018	31 December 2017
CMB	1.776	1.776
ISE	-	3.500.000
Total	**1.776**	**3.501.776**

Guarantee/pledge/mortgage ("GPM") position of the Company as at 31 December 2018 and 2017 are as follows:

Guarantees/Pledges/Mortgages given by the Company	31 December 2018	31 December 2017
A. GPM given on behalf of its own legal entity	1.776	3.501.776
B.GPM given on behalf of consolidated subsidiaries	-	-
C. Total amount of GPM given on behalf of other third parties' debt	-	-
D. Other GPM	-	-
i. Total amount of GPM given on behalf of the Parent	-	-
ii. Total amount of GPM given on behalf of other	-	-
iii. Total amount of GPM given on behalf of third parties not covered in C		
Total	**1.776**	**3.501.776**

10. Short-term borrowing

The Group has no short-term borrowing (31 December 2017: None).

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

11. Employee benefits

As at 31 December 2018 and 31 December 2017, the details of the short-term employee benefits are as follows:

	31 December 2018	31 December 2017
Employee benefits		
Provision for unused vacation	1.149.798	1.002.609
Bonus provisions (*)	2.012.653	860.944
Total short term provisions	**3.162.451**	**1.863.553**

(*)Employee bonus provision for staff was paid in cash on 14 February 2017.

Movement of provision for unused vacation is as follows:

	31 December 2018	31 December 2017
Opening balance (1 January)	1.002.609	883.450
Paid provisions during the period	(74.465)	(51.592)
Allocated provisions during the period	221.654	170.751
Total	**1.149.798**	**1.002.609**

As at 31 December 2018 and 31 December 2017, the details of the long-term employee benefits are as follows:

	31 December 2018	31 December 2017
Provisions related to employee benefits		
Employee severance pay liability	2.179.085	974.917
Long term provisions total	**2.179.085**	**974.917**

Movements of provision for employee severance pay are as follows:

	31 December 2018	31 December 2017
Opening balance	**974.917**	**754.060**
Charge for the period	(274.949)	(123.024)
Service cost	94.704	123.732
Interest cost	92.402	52.862
Actuarial difference	1.292.011	167.587
Balance at the end of the period	**2.179.085**	**974.917**

(*)The provision for severance payments in the current period resulting from changes in actuarial assumptions in actuarial losses amounting to TL 1.292.011 the actuarial losses are recognised in other comprehensive income.(31 December 2017: 167.587 TL).

Under the Turkish Labour Law, the Group is required to pay employment termination benefits to each entitled employee to receive such benefits. The applicable retirement pay provision ceiling as at 31 December 2018, maximum TL 5.434,42 (31 December 2017: TL 4.732,48), calculated based on total gross wages and other rights 30 day trial. The principal assumption is that the maximum liability for each year of service will increase parallel with inflation and the retirement pay provision ceiling is revised semi-annually.

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

11. Provisions related to employee benefits *(Continued)*

TFRS anticipates development of actuarial valuation methods for estimating the Company's provision for severance pay. Accordingly, actuarial assumptions and legal liabilities which were used in the calculation of total liabilities are shown in the table below.

	31 December 2018	31 December 2017
Discount rate (%)	3,50%	2,00%
Estimated salary / limit increase rate	9,50%	6,50%

12. Equity

Share capital

As at 31 December 2018 and 31 December 2017, the capital structure is as follows:

	31 December 2018		31 December 2017	
	Amount	**Share (%)**	**Amount**	**Share (%)**
ICBC Turkey Bank A.Ş.	75.998.480	99,998	75.998.480	99,998
Ragıp Akın	760	0,001	760	0,001
Nuri Akın	760	0,001	760	0,001
Total paid in capital	**76.000.000**	**100**	**25.000.000**	**100**
Capital inflation adjustment differences	31.279		31.279	
Total	**76.031.279**		**76.031.279**	

As at 31 December 2017, the share capital consists of 7.600.000.000 shares of having a nominal value of TRY 0.01 each (31 December 2016: 7.600.000.000 shares of having a nominal value of TRY 0.01). At the Extraordinary General Assembly Meeting of the Company held on September 8, 2017, it was decided to increase the Company's paid-in capital from TL 25,000,000 to TL 76,000,000. It was registered in the Turkey Trade Registry on 9 October 2017.

The Company has no preferred shares as at 31 December 2018 (31 December 2017: None).

Adjustment to share capital

The capital increases made by shareholders are adjusted with the inflation effect up to 31 December 2004 in accordance with the Communiqué XI-29 and as a result inflation adjustment amounting to TL 31.279 (31 December 2017: TL 31.279) is recognised.

Fair value reserves

Change in fair value of financial assets

As at 31 December 2018, the difference between fair value and the value calculated according to internal rate of return method of financial assets available for sale net off tax amonut to TL (143.503) is recognised in other comprehensive income as change in fair value of financial assets (31 December 2017: TL 27.320).

Restricted reserves

At the Ordinary General Assembly Meeting of the Company held on 31 March 2018, the Company decided to transfer TL 841.473 of profit to legal reserves account; the remaining balance amounting to TL 15.115.558 amount was decided to be transferred to extraordinary reserves.

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

13. Statement of profit or loss

Sales and cost of sales

For the periods ended 31 December 2018 and 31 December 2017, sales and cost of sales are as follows:

	1 January- 31 December 2018	1 January- 31 December 2017
Sales		
Investment funds	131.088.276	95.903.907
Treasury bonds/government bonds	9.704.534	13.775.458
Equity security	8.987.140	36.323.762
Total	**149.779.950**	**146.003.127**
Cost of sales		
Investment funds	(130.140.560)	(95.471.596)
Equity security	(8.821.797)	(36.284.095)
Treasury bonds/government bonds	(9.704.521)	(13.771.107)
Total	**(148.666.878)**	**(145.526.798)**

Service income

For the periods ended 31 December 2018 and 31 December 2017,service income are as follows:

	1 January- 31 December 2018	1 January- 31 December 2017
Corporate finance	19.458.178	16.573.629
Brokerage commission income on equity securities transactions	8.966.548	8.751.112
SWAP transactions profit	4.529.747	879.593
Intermediary commission income on futures market	1.454.534	1.981.452
Intermediary commission from capital increase transactions	207.960	270.982
Money market commissions	165.499	65.756
Lending commission	130.387	379.687
Investment fund management commission income	87.984	126.339
Commission income on trading treasury bills and bonds	80.685	197.828
Account management commissions	3.516	175.577
Other	983.468	650.828
Total	**36.068.506**	**30.052.783**

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

13. Statement of profit or loss (continued)

Interest income from other operations

For the periods ended 31 December 2018 and 2017, operating income are as follow:

	1 January- 31 December 2018	1 January- 31 December 2017
Interest income from banks	13.758.589	8.233.551
Interest income from customers	2.700.709	7.390.628
Total	**16.459.298**	**15.624.179**

14. General administrative expenses

For the periods ended 31 December 2018 and 31 December 2017 , general and administrative expenses are as follows:

	1 January- 31 December 2018	1 January- 31 December 2017
Personnel expenses	23.449.943	15.905.176
Communication expenses	2.353.003	1.519.074
Membership fees	2.131.583	1.835.990
Rent expenses	2.000.149	1.596.710
Advisory and legal consultancy expenses	1.141.461	708.288
Data screen expenses	750.265	489.323
Amortisation and depreciation expenses	647.459	498.650
Transportation expenses	520.407	709.313
Representation and hospitality expenses	516.858	314.041
Taxes and duties	492.489	207.397
Maintenance and repair costs	384.239	286.396
Small warehouse expenses	172.329	104.729
Non-deductible expenses	77.419	23.986
Payments from previous years	69.150	40.568
Other expenses	58.950	-
Total	**35.063.510**	**24.453.587**

Personnel expenses for the years ended 31 December 2018 and 31 December 2017 are as follows:

Personnel expenses	1 January- 31 December 2018	1 January- 31 December 2017
Salary and wages	18.937.340	12.088.527
SSI and unemployment insurance - employer share	2.687.289	1.657.424
Allowance expense	244.377	931.806
Food expenses	387.481	370.095
Travel expenses	560.184	307.746
Health expenses	366.163	268.861
Other	267.109	280.717
Total	**23.449.943**	**15.905.176**

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

15. Other operating income and expense

For the periods ended 31 December 2018 and 2017 other operating income and expenses are as follow:

Other Operating Income	**1 January-31 December 2018**	**1 January-31 December 2017**
Account opening fee	1.242	741
Other	1.881	53.944
Total	**3.123**	**54.685**

Other Operating Expense	**1 January-31 December 2018**	**1 January-31 December 2017**
Transaction losses expenses	308.142	569.826
Other expense from operating activities	30.889	232.186
Previous period expenses	742	712.726
Total	**339.773**	**1.514.738**

16. Financial income

For the periods ended 31 December 2018 and 2017 financial income are as follow:

	1 January-31 December 2018	**1 January-31 December 2017**
Foreign exchange gains	10.517.573	1.134.992
Interest income on marketable securities	375.683	322.148
Dividend income	151.580	7.883
Other	104.184	137.380
Total	**11.149.020**	**1.602.403**

17. Financial Expenses

For the periods ended 31 December 2018 and 31 December 2017 financial expenses are as follow:

	1 January-31 December 2018	**1 January-31 December 2017**
Interest expense	610.727	520.809
Security rediscount expenses	988.097	35.844
Commission expenses on SMME.	60.790	55.464
Commission expenses on letters of guarantee	45.938	74.264
Financial assets commission expenses	8.482	3.681
Other	59.625	130.115
Total	**1.773.659**	**820.177**

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

18. Tax assets and liabilities

Current Tax liability

The details of tax liability as at 31 December 2017 and 2018 as follows:

	31 December 2018	31 December 2017
Corporate tax payable	6.324.471	4.557.887
Prepaid taxes and funds	(6.324.471)	(2.837.359)
Net	**-**	**1.720.528**

The Company is subject to corporation tax applicable in Turkey. Corporate tax rate to be accrued on the taxable income of the corporation, the deduction of the expenses that cannot be deducted from the tax base in the determination of the commercial income, and the gains after deducting the tax exempted earnings, non-taxable income and other discounts (past year losses and preferred investment discounts if preferred) is calculated.

While the corporate tax rate was at the rate of 20% since 1 January 2016, for all companies, such rate has been set as 22% for the tax bases of the years 2018, 2019, and 2020 based on the legislation of the Amendment on Certain Tax Laws and Other Laws no. 7061. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%. The corporate tax rate returns are given to depending on tax office until the night of 25th day in the fourth month which is following the close of the accounting period. The tax legislation provides for a temporary tax of 22% (2017 – 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

According to the Corporate Tax Law, tax losses shown on the tax return can be deducted from the corporate tax base of the period, provided that it does not exceed 5 years. However, the losses cannot be deducted retrospectively from the profits in previous years. Declarations and related accounting records can be reviewed by the tax office within five years and tax accounts can be revised.

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. 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.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years.

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 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.

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

22 Tax assets and liabilities (continued)

Deferred tax assets and liabilities

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit and its recognised in using the balance sheet liability method. Deferred tax liabilities or assets considered the tax rates prevailing at the reporting date is reflected in the accompanying financial statements.

If the changes in fair value of financial assets are recognised in profit or loss; current year corporate tax, deferred tax income/expense which are related to this change is also recognied in profit or loss. If the changes in fair value of financial assets are directly recognised in equity; tax effects which are related to this change is recognised in equity.

The Company’s deferred tax assets and liabilities as at 31 December 2018 and 31 December 2017 are as follows:

	31 December 2018		31 December 2017	
	Accumulated temporary differences	**Deferred tax assets/ liabilities**	**Accumulated temporary differences**	**Deferred tax assets/ Liabilities**
Provisions related to employee benefits	5.341.536	1.131.556	1.977.527	395.505
Provisions for other debts and liabilities	61.598	12.543	883.024	176.605
Expected credir loss provisions	983.675	216.408	-	-
Foundation and organisation costs (Difference between TPL and IFRS)	-	-	19.540	3.908
Deferred tax assets	**6.386.809**	**1.360.507**	**2.880.091**	**576.018**
Difference between tax base and carrying value of tangible and intangible assets	(135.896)	(27.179)	(124.804)	(24.961)
Financial investments	-	-	(25.581)	(5.116)
Deferred tax liabilities	**(135.896)**	**(27.179)**	**(150.385)**	**(30.077)**
Deferred tax net	**6.250.913**	**1.333.328**	**2.729.706**	**545.941**

Deferred tax assets and deferred tax liabilities are offset and reported in the statement of financial position of each company subject to consolidation. However, deferred tax assets and liabilities are presented without offsetting in the consolidated financial statements. There is no deferred tax liability of ICBC Portföy Yönetimi AŞ. (31 December 2017: None) .

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

19. Balances and transactions with related parties

In these financial statements, the shareholders of the Group and ICBC Group companies and all its subsidiaries having indirect shareholding relation with the Group are referred to as "related parties".

	31 December 2018	31 December 2017
Receivables from related parties		
Cash and cash equivalents		
-ICBC Turkey Bank A.Ş. - Main shareholder	180.982.631	13.982.917
Trade receivables		
-Fund management commissions	82.579	80.584
Total	**181.065.210**	**14.063.501**

	31 December 2018	31 December 2017
Provision for other liabilities and expenses		
-ICBC Turkey Bank A.Ş. - Provision for other liabilities ı	16.448	13.949
Toplam	**16.448**	**13.949**

Commission income of investment funds management	1 January – 31 December 2018	1 January – 31 December 2017
- ICBC Turkey Portföy Yönetimi AŞ (A and B type floating fund. A type stock fund and B type liquid fund) fund management fees	398.804	126.339
Interest income		
-ICBC Turkey Bank AŞ	1.854.671	6.139.346
Rent expense	2.095.265	1.482.345
-ICBC Turkey Bank AŞ		
Building participation expense	692.657	472.437
- ICBC Turkey Bank AŞ		
Financial expenses		
- ICBC Turkey Bank AŞ	194.446	102.978

Letters of guarantee received from related parties as at 31 December 2018 amounting to TL 1.776 (31 December 2017: TL 1.776).

For the year ended 31 December 2018, wages and similar benefits provided to the top management including chairman, member of the board of directors, general manager, audit committee members, and assistant general managers amounting to TL 3.437.416 (31 December 2017: TL 2.309.130 TL). Compensation of key management personnel consists of fees and other short term benefits, unused vacation and retirement pay liability provisions.

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

20. Seasonal change of activities

The Company's operations do not show a significant change compared to the season.For the year ended December 31, 2018, the Company's sales amounting to TL 149,779,950 consists of shares, government bonds and fund revenues (31 December 2017: TL 146,003,127).The cost of sales of the Company is TL 148.666.878 (31 December 2017: TL 145.526.798).The service income of the Company is TL 36,068,506, project finance income, corporate finance income, share purchase / sale brokerage commissions, forward transactions and brokerage commissions (31 December 2017: TL 30,052,783).Interest income from main activities of the Company consists of interest income amounting to TL 16.459.298 (31 December 2017: TL 15.624.179).In the same period, general administrative expenses amounted to TL 35.063.510 (31 December 2017: TL 24.453.587).

21. Nature and level of risks arising from financial instruments

Capital Management

In managing the capital, the Company's objectives are to ensure the continuity of the Company's activities in order to maintain the most appropriate capital structure in order to provide returns to its shareholders and benefit to other shareholders.
The Company monitors its capital adequacy within the framework of the Communiqué on Principles Regarding Capital and Capital Adequacy of Intermediary Institutions of the Capital Markets Board Serial: V. No: 34.

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

Information on credit risk

Financial instruments contain an element of risk that the counterparties may be unable to meet the terms of the agreements. This risk is monitored in reference to credit ratings and managed by limiting the aggregate risk to any individual counterparty. Exposure to credit risk is also managed by obtaining collaterals in the form of listed equity securities.

	Receivables					
	Trade receivables		**Other receivables**			
31 December 2018	**Related parties**	**Third parties**	**Related parties**	**Third parties**	**Cash and cash equivalents**	**Financial investments**
Exposure to maximum credit risk as at reporting date	**82.579**	**56.177.504**	**-**	**1.488**	**512.735.578**	**3.495.284**
- Guaranteed part of maximum credit risk with collaterals etc.	-	-	-	-	-	-
Net carrying value of financial assets which are neither impaired nor overdue	82.579	56.177.504	-	1.488	512.735.578	3.495.284
Off balance sheet items with credit risks	-	-	-	-	-	-

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

21. Nature and level of risks arising from financial instruments(continued)

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

	Receivables					
	Trade receivables		Other receivables			
31 December 2017	**Related parties**	**Third parties**	**Related parties**	**Third parties**	**Cash and cash equivalents**	**Financial investments**
Exposure to maximum credit risk as at reporting date	**80.584**	**67.759.776**	**-**	**91.982**	**414.696.596**	**1.015.370**
- Guaranteed part of maximum credit risk with collaterals etc.	-	-	-	-	-	-
Net carrying value of financial assets which are neither impaired nor overdue	80.584	67.759.776	-	91.982	414.696.596	1.015.370
Off balance sheet items with credit risks	-	-	-	-	-	-

(*) Equity and investment funds are not included.

Liquidity risk:

Liquidity risk is the inability of the Company to match the net funding requirements with sufficient liquidity. The Company manages the liquidity risk by maintaining sufficient cash and other liquid assets in order to fund the current and prospective debt requirements

The remaining contractual maturities of non-derivative financial liabilities as at 31 December 2018 and 31 December 2017 are as follows:

31 December 2018

Expected maturities	**Carrying value**	**3 months or less**	**3-12 months**	**Total contractual cash outflow**
Non-derivative financial liabilities				
Trade payables	466.675.110	466.675.110	-	466.675.110
Total financial liabilities	**466.675.110**	**466.675.110**	**-**	**466.675.110**

31 December 2017

Expected maturities	**Carrying value**	**3 months or less**	**3-12 months**	**Total contractual cash outflow**
Non-derivative financial liabilities				
Trade payables	416.579.456	416.579.456	-	416.579.456
Total financial liabilities	**416.579.456**	**416.579.456**	**-**	**416.579.456**

The company has no derivative financial liabilities as at 31 December 2018 and 2018.

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

21. Nature and level of risks arising from financial instruments *(Continued)*

Liquidity risk*(Continued)*

Remaining maturities of assets and liabilities are as follows:

31 December 2018	Less than 1 month	Less than 3 month	3 months - 1 year	1-5 years	Current	Total
Cash and cash equivalents	484.085.237	-	-	-	28.650.341	512.735.578
Financial investments	-	-	1.895.284	-	14.447.781	16.343.065
Trade receivables	56.260.083	-	-	-	-	56.260.083
Other short-term receivables	1.488	-	-	-	-	1.488
Financial investments	-	-	-	-	159.711	159.711
Other long-term receivables	-	-	-	-	1.464.665	1.464.665
Total assets (*)	**540.346.808**	**-**	**1.895.284**	**-**	**44.722.498**	**586.964.590**
Trade payables (net)	466.675.110	-	-	-	-	466.675.110
Other liabilities	2.605.195	-	-	-	-	2.605.195
Total liabilities (**)	**469.280.305**	-	-	-	-	**469.280.305**
Liquidity risk	**71.066.503**	**-**	**1.895.284**	**-**	**44.722.498**	**117.684.284**

(*) Tangible assets amounting to TL 881.962, intangible assets amounting to TL 257.204, current period tax asset amounting to TL 2.605.195 and deferred tax asset amounting to TL 1.333.328 were not included in the table.

(**) Long-term provisions amounting to TL 3.224.049 and short-term provisions amounting to TL 2.179.085 were not included in the table.

31 December 2017	Less than 1 month	Less than 3 month	3 months - 1 year	1-5 years	Current	Total
Cash and cash equivalents	392.426.297	-	-	-	22.270.299	414.696.596
Financial investments	1.015.370	-	-	-	30.534.017	31.549.387
Trade receivables	67.840.360	-	-	-	-	67.840.360
Other short-term receivables	91.982	-	-	-	-	91.982
Financial investments	-	-	-	-	159.711	159.711
Other long-term receivables	-	-	-	-	1.193.760	1.193.760
Total assets (*)	**461.374.009**	-	-	-	**54.157.787**	**515.531.796**
Trade payables (net)	416.579.456	-	-	-	-	416.579.456
Other liabilities	3.016.698	-	-	-	-	3.016.698
Total liabilities (**)	**419.596.154**	-	-	-	-	**419.596.154**
Liquidity risk	**41.777.855**	-	-	-	**54.157.787**	**95.935.642**

(*) Tangible assets amounting to TL 1.140.590 , intangible assets amounting to TL 286.306 and current period tax asset amounting TL 1.296.170 were not included in the table.

(**) Short-term provisions amounting to TL 1.873.039 and long-term provisions amounting to TL 974.917 were not included in the table

21. Nature and level of risks arising from financial instruments *(Continued)*

Liquidity risk*(Continued)*

As at 31 December 2018 and 31 December 2017, the liquidity reqıirement of the Company in accordance with Communiqué 34 is as follows:

	31 December 2018	31 December 2017
Current assets (A)	585.472.078	514.222.377
Current Liabilities (B)	472.815.086	422.003.555
Current assets / Current Liabilities (A/B)	**1,24**	**1,22**

Foreign currency risk

Group is exposed to foreign currency risk due to changes in foreign exchange rates foreign currency denominated assets and liabilities between the transaction date and the reporting date.

Foreign currency rate for 31 December 2018 and 31 December 2017 are as follows:

	USD	EUR	GBP	CNY
31 Aralık 2018	5,2810	6,0422	6,7135	0,76345
31 Aralık 2017	3,7719	4,5155	5,0803	0,57622

The table below shows the sensitivity of the Company 10% change in Euro exchange rate. The amounts below represent the effect on profit or loss statement in the case of a 10% increase/decrease in Euro against TL.

Sensitivity to foreign currency

	Profit / (Loss)		Equity(*)	
31 December 2018	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
10% change in US Dollar against TL				
1- US Dollar net asset/liability	2.933.774	(2.933.774)	2.933.774	(2.933.774)
2- Hedged portion of USD amounts (-)	-	-	-	-
3- US Dollar net effect (1+2)	**2.933.774**	**(2.933.774)**	**2.933.774**	**(2.933.774)**
10% change in EURO against TL				
4- EURO net asset/liability	47.037.285	(47.037.285)	47.037.285	(47.037.285)
5- Hedged portion of EUR amounts (-)	-	-	-	-
6- EURO net effect (4+5)	**47.037.285**	**(47.037.285)**	**47.037.285**	**(47.037.285)**
10% change in GBP against TL				
7- GBP net asset/liability	2.958	(2.958)	2.958	(2.958)
8- Hedged portion of GBP amounts (-)	-	-	-	-
9- GBP net effect (7+8)	**2.958**	**(2.958)**	**2.958**	**(2.958)**
10% change in CNY against TL				
10- CNY net asset/liability	-	-	-	-
11- Hedged portion of CNY amounts (-)	-	-	-	-
12- GBP net effect (10+11)	-	-	-	-
TOTAL (3+6+9+12)	**49.974.017**	**(49.974.017)**	**49.974.017**	**(49.974.017)**

(*)Equity effect is the same with profit/ loss effect.

21. Nature and level of risks arising from financial instruments *(Continued)*

Sensitivity to foreign currency*(Continued)*

	Profit / (Loss)		Equity(*)	
31 December 2017	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
10% change in US Dollar against TL				
1- US Dollar net asset/liability	1.253.105	(1.253.105)	1.253.105	(1.253.105)
2- Hedged portion of USD amounts (-)	-	-	-	-
3- US Dollar net effect (1+2)	**1.253.105**	**(1.253.105)**	**1.253.105**	**(1.253.105)**
10% change in EURO against TL				
4- EURO net asset/liability	38.910.955	(38.910.955)	38.910.955	(38.910.955)
5- Hedged portion of EUR amounts (-)	-	-	-	-
6- EURO net effect (4+5)	**38.910.955**	**(38.910.955)**	**38.910.955**	**(38.910.955)**
TOTAL (3+6)	**542.949**	**(542.949)**	**542.949**	**(542.949)**
10% change in GBP against TL				
7- GBP net asset/liability	744	(744)	744	(744)
8- Hedged portion of GBP amounts (-)	-	-	-	-
9- GBP net effect (7+8)	**744**	**(744)**	**744**	**(744)**
10% change in CNY against TL				
10- CNY net asset/liability	6.004	(6.004)	6.004	(6.004)
11- Hedged portion of CNY amounts (-)	-	-	-	-
12- GBP net effect (10+11)	**6.004**	**(6.004)**	**6.004**	**(6.004)**
TOTAL (3+6+9+12)	**40.170.808**	**(40.170.808)**	**40.170.808**	**(40.170.808)**

(*) Equity effect is the same with profit/ loss effect.

Fair value of financial instruments

The fair value of financial assets and liabilities are determined as follows:

First level: Registered (unadjusted) prices of identical assets or liabilities in active markets.

Second Level: Data which can be observed by directly (through prices) or indirectly (derived from prices) and which excludes the registered prices described in first level

Third level: Data that is not based on observable market data related to assets and liabilities (non-observable data).

Fair value classification of assets and liabilities which are measured over their fair values is as follows:

		Fair value level as at reporting date		
Financial assets	**31 December 2018**	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit or loss	12.847.781	12.847.781	-	-
Financial assets available for sale (current assets)	3.495.284	3.495.284	-	-
Total	**16.343.065**	**16.343.065**	**-**	**-**

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

21. Nature and level of risks arising from financial instruments *(Continued)*

Fair value of financial instruments *(Continued)*

		Fair value level as at reporting date		
Financial assets	**31 December 2017**	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit or loss	30.534.017	30.534.017	-	-
Financial assets available for sale (current assets)	1.015.370	1.015.370	-	-
Total	**31.549.387**	**31.549.387**	**-**	**-**

22. Events after reporting period

None.