

**TERA YATIRIM MENKUL DEĞERLER A.Ş.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL
STATEMENTS AND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD
01.01, 2017 – 12.31, 2017**

CONTENTS	PAGE
AUDITOR'S OPINION	3-4
BALANCE SHEET DATED 12.31, 2017	5-6
COMPREHENSIVE INCOME STATEMENT FOR THE PERIOD 01.01, 2017 – 12.31, 2017	7
STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 01.01, 2017 – 12.31, 2017	8
STATEMENT OF CASH FLOWS FOR THE PERIOD 01.01, 2017 – 12.31, 2017	9
NOTES RELATED TO THE FINANCIAL STATEMENTS	10-59

**TO THE GENERAL ASSEMBLY OF
TERA YATIRIM MENKUL DEĞERLER A.Ş.**

**AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 12.31, 2017**

We have audited the accompanying balance sheet of Tera Yatırım Menkul Değerler A.Ş. ("the Company") and its subsidiary (together as "the Group") as of December 31st, 2017, and the related comprehensive income statement, the statement of changes in shareholder's equity and the cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting standards issued by the Turkish Public Oversight Board (POB). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making the accounting estimates that are reasonable in the circumstances.

Audit Firms Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Auditing standards issued by POB. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

REPORT

BAĞIMSIZ DENETİM SMMM AŞ

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Tera Yatırım Menkul Değerler A.Ş. and its subsidiarys as of December 31, 2017, and its financial performance and its cash flow for the periods then ended in accordance with the International Accounting/Financial Reporting standards.

Reports on other responsibilities arising from regulatory requirements

In accordance with subparagraph 4, Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Group's bookkeeping activities for the period January 1 – December 31, 2017 and financial statements are not in compliance with the code and provisions of the Group's articles of association in relation to financial reporting.

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

İstanbul, March 1, 2018

**REPORT BAĞIMSIZ DENETİM VE
S.M.M.M. A.Ş.**

**Hasan KOCA
Sorumlu Ortak Başdenetçi**

TERA YATIRIM MENKUL DEĞERLER A.Ş.
BALANCE SHEETS AS OF DECEMBER 31, 2017
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

	Ref.	12.31, 2017	12.31, 2016
		As Audited by Auditors	As Audited by Auditors
ASSETS			
Current Assets		99.674.782	121.341.760
Cash and Cash Equivalents	7	1.886.173	13.937.616
Financial Investments	8	31.906.215	46.299.786
Trade Receivables	9	58.161.326	38.864.534
<i>Trade Receivables due to Related Parties</i>	6	1.032.983	3
<i>Trade Receivables due to Unrelated Parties</i>	9	57.128.343	38.864.531
Other Receivables	11	7.555.472	21.158.531
<i>Other Receivables due to Related Parties</i>	6	3.223.544	376.176
<i>Other Receivables due to Unrelated Parties</i>	9	4.331.928	20.782.355
Derivative Instruments	12		144.824
Prepaid Expenses	15	127.228	712.943
Assets Related to the Taxes for the Current Period	16	38.368	218.641
Other Current Assets	17		4.885
(Sub-Total)		99.674.782	121.341.760
Non-Current Assets		12.157.184	11.930.176
Financial Investments	8	38.499	357.921
Other Receivables	11	4.467.620	148.593
<i>Other Receivables due to Unrelated Parties</i>	11	4.467.620	148.593
Tangible Non-Current Assets	20	7.376.953	11.253.787
Intangible Non-Current Assets	21	224.144	109.148
<i>Other Intangible Non-Current Assets</i>	21	224.144	109.148
Prepaid Expenses	15	269	4.016
Deferred Tax Assets	54	49.699	56.711
TOTAL ASSETS		111.831.966	133.271.936

The attached notes are an integral part of these financial statements.

TERA YATIRIM MENKUL DEĞERLER A.Ş.
BALANCE SHEETS AS OF DECEMBER 31, 2017
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

	Ref.	12.31, 2017	12.31, 2016
		As Audited by Auditors	As Audited by Auditors
RESOURCES			
Current Liabilities		78.973.514	100.425.282
Current Liabilities	22	66.078.965	82.155.227
Current Sections of the Non-Current Liabilities	23	7.750	78
Trade Payables	9	8.603.541	16.405.569
<i>Trade Payables due to Related Parties</i>	6	35.287	262.444
<i>Trade Payables Receivables due to Unrelated Parties</i>	9	8.568.254	16.143.125
Other Payables	11	3.903.807	1.315.434
<i>Other Payables Receivables due to Unrelated Parties</i>	11	3.903.807	1.315.434
Tax Liabilities over the Profits for the Period	29	88.868	135.865
Current Provisions	30	10.752	61.171
<i>Allowances</i>	30	10.752	
<i>Other Current Provisions</i>	30		61.171
Liabilities Relating to the Taxes for the Current Period	31	222.116	325.801
Other Current Liabilities	32	57.715	26.137
(Sub-Total)		78.973.514	100.425.282
Non-Current Liabilities		405.769	598.225
Non-Current Liabilities	25		7.750
Non-Current Provisions	30	405.769	590.475
<i>Employee Benefits Related to Short-Term Provisions</i>	30	405.769	590.475
SHAREHOLDER'S EQUITY		32.452.683	32.248.429
Shareholder's Equity for the Main Partner		32.452.683	32.248.429
Paid-in Capital	33	13.960.000	13.960.000
<i>Capital</i>	33	25.000.000	
<i>Unpaid Capital (-)</i>	33	(11.040.000)	
Capital Restatement Differences	33	439.882	439.882
Other Accumulated Comprehensive Gains or Expenses that Cannot be Reclassified through Profit or Loss	33	(192.278)	(177.808)
<i>Other Gains/Losses</i>	33	(192.278)	(177.808)
Limited Reserves Set Aside from Profit	33	1.175.808	1.151.111
Previous Years' Profits/Losses	33	16.894.015	16.484.575
Net Profit/Loss for the Period	33	175.256	390.669
TOTAL LIABILITIES		111.831.966	133.271.936

The attached notes are an integral part of these financial statements.

TERA YATIRIM MENKUL DEĞERLER A.Ş.
COMPREHENSIVE INCOME STATEMENT
FOR THE PERIOD ENDED DECEMBER 31, 2017
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

	Ref.	01.01 12.31, 2017	01.01 12.31, 2016
		As Audited by Auditors	As Audited by Auditors
PROFIT OR LOSS SECTION			
Revenues	44	101.860.867	86.266.144
Cost of Sales (-)	45	(89.779.132)	(68.018.689)
Gross Profit/Loss from Commercial Activities		12.081.735	18.247.455
GROSS PROFIT/LOSS			
General Administrative Expenses (-)	47-48	(9.298.560)	(16.587.840)
Marketing Expenses (-)	47-48	(709.623)	(1.227.158)
Other Income from Main Activities	49	1.222.799	1.080.744
Other Expenses from Main Activities (-)	49	(86.777)	(155.571)
PROFITS/LOSSES FROM MAIN ACTIVITIES			
		3.209.574	1.357.630
Income from Investment Activities	50	2.390.343	21.589
Loss from Investment Activities	50	(204.266)	(108.978)
P / L FROM ACT. BEFORE FIN. EXPENSES			
		5.395.651	1.270.241
Financial Gains	51	16.389.518	21.040.691
Financial Expenses (-)	51	(21.510.900)	(21.812.485)
P / L BEF. TAX DER. FROM THE ACT. PERF.			
		274.269	498.447
Income Before Tax Derived from the Act. Perf.			
		(99.013)	(107.778)
Tax Gains/Expenses for the Period	29-54	(88.868)	(135.865)
Deferred Tax Expense/Gain	54	(10.145)	28.087
P / L FOR THE PER. REG. THE ACT. PER.			
		175.256	390.669
PROFIT/LOSS FOR THE PERIOD			
Distribution of Profit/Loss for the Period		175.256	390.669
Main Partnership Shares			
Gain per Share	56	0,0070	0,0156
Gain per Share from the Activities Performed			
OTHER COMPREHENSIVE INCOME			
Those that will not be reclass. in the case of P / L			
		(14.470)	(80.666)
Deferred Benefit Plans Re-meas. Gains/Losses	52	(18.088)	(100.833)
Deferred Tax Expenses/Revenues		3.618	20.167
Those That Will be Re-Classified as P / L			
			49.681
Foreign Currency Translation Differences			49.681
OTHER COMPREHENSIVE INCOME			
		(14.470)	(30.985)
TOTAL COMPREHENSIVE INCOME			
		160.786	359.684
The Distribution of the Total Compr. Income			
Shares that do not have Control Power			
Shares of the Main Partnership	44	160.786	359.684

The attached notes are an integral part of these financial statements.

TERA YATIRIM MENKUL DEĞERLER A.Ş.

STATEMENT OF CHANGES IN SHAREHOLDERS 'EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2017

(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

	Retained Earnings							Shareholders' Equity	Non-Controlling Shares	Shareholders' Equity
	Paid-in capital	Adjustment to share capital	Other Gain / Loss	Foreign Currency Conversion Differences	Restricted Profit Reserves	Retained Earnings / Accumulated Losses	Net Profit Loss			
The Balance as of 01.01, 2016	13.960.000	439.882	(97.142)	(49.681)	966.670	10.886.061	5.924.661	32.030.451	-	32.030.451
Transfers (Note 33)					184.441	5.740.220	(5.924.661)	-		-
Total Comprehensive Income			(80.666)				390.669	310.003		310.003
Sale of Subsidiary						(141.706)		(141.706)		(141.706)
Foreign Currency Conversion Differences				49.681				49.681		49.681
Equity Total as of 12.31, 2016	13.960.000	439.882	(177.808)	-	1.151.111	16.484.575	390.669	32.248.429	-	32.248.429
The Balance as of 01.01, 2017	13.960.000	439.882	(177.808)		1.151.111	16.484.575	390.669	32.248.429	-	32.248.429
Transfers (Note 33)					24.697	365.972	(390.669)	-		-
Total Comprehensive Income			(14.470)				175.256	160.786		160.786
Sale of Subsidiary						43.468		43.468		43.468
Equity Total as of 12.31, 2017	13.960.000	439.882	(192.278)		1.175.808	16.894.015	175.256	32.452.683	-	32.452.683

The attached notes are an integral part of these financial statements.

TERA YATIRIM MENKUL DEĞERLER A.Ş.
STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2017
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

		01.01 12.31, 2017	01.01 12.31, 2016
		As Reviewed by Auditors	As Reviewed by Auditors
A. CASH FLOWS FROM OPERATING ACTIVITIES		(13.599.863)	(17.747.809)
Net Profit / Loss For the Period	33	175.256	390.669
<i>Profits/Losses From Activities Performed</i>	<i>33</i>	<i>175.256</i>	<i>390.669</i>
Adjustments for Net Period Profit/Loss Settlement		959.785	1.245.104
Revisions Regarding the Depreciation and Amortization Expenses	47,48	763.136	942.298
Revisions Regarding the Provisions	9, 11, 30, 49	214.737	353.958
<i>Revisions Regarding Employee Benefits</i>	<i>30</i>	<i>115.724</i>	<i>246.180</i>
Change in Foreign Currency Conversion Differences	33-52		49.681
Other Gain / Loss Changes		(18.088)	(100.833)
The Changes That Took Place in the Operating Capital		(14.379.078)	(18.180.355)
Revisions Regarding the Inc./Dec. in the Trade Receivables	9	(19.296.792)	6.400.260
<i>Revisions Regarding the Inc./Dec. in the Related Trade Receivables</i>	<i>6</i>	<i>(1.032.980)</i>	<i>(3)</i>
<i>Revisions Regarding the Inc./Dec. in the Unrelated Trade Receivables</i>	<i>9</i>	<i>(18.263.812)</i>	<i>6.400.263</i>
Revisions Regarding the Inc./Dec. in the Financial Sector Activities	12	144.824	69.589
Revisions Reg. the Inc./Dec. in the Other Rec.Regarding the Op.	11, 15, 16, 17	10.058.652	(18.488.687)
<i>Revisions Reg. the Inc./Dec. in the Related Other Rec.Regarding the Op.</i>	<i>6</i>	<i>(2.847.368)</i>	<i>(102.795)</i>
<i>Revisions Reg. the Inc./Dec. in the Unrelated Other Rec.Regarding the Op.</i>	<i>11, 15, 16, 17</i>	<i>12.906.020</i>	<i>(18.385.892)</i>
Revisions Regarding the Inc./Dec. in the Trade Payables	9	(7.802.028)	(6.980.531)
<i>Revisions Regarding the Inc./Dec. in the Related Trade Payables</i>	<i>6</i>	<i>(227.157)</i>	<i>(202.331)</i>
<i>Revisions Regarding the Inc./Dec. in the Unrelated Trade Payables</i>	<i>9</i>	<i>(7.574.871)</i>	<i>(6.778.200)</i>
Revisions Reg. the Inc./Dec.in Other Payables Regarding the Op.	26-32	2.516.266	819.014
<i>Revisions Reg. the Inc./Dec.in Unrelated Other Payables Regarding the Op.</i>	<i>26-32</i>	<i>2.516.266</i>	<i>819.014</i>
Net Cash Arising From The Operations Of The Entity		(13.244.037)	(16.544.582)
Provisions for employee termination benefits paid. (-)	30	(289.678)	(199.042)
Tax Payments/Refunds	29, 54	(66.148)	(1.004.185)
B. CASH FLOWS FROM INVESTING ACTIVITIES		17.624.760	514.656
Cash Inflows Incurred for the Sale of the of the Shares of Other Ent.orFunds	33	14.669.525	860.028
Cash Outflows Incurred for the Acq.of the the Shares of Other Ent. or Funds	8	(43.468)	(2.437.604)
Cash Flows Arising from the Sale of Tang.or Intang. Non Current Assets	20, 21	3.272.608	3.282.788
<i>Cash Flows Arising from the Sale of Tang.. Non Current Assets</i>	<i>20, 21</i>	<i>3.272.608</i>	<i>3.282.788</i>
Cash Flows Arising from the Purchase of Non Current Assets	20, 21	(273.905)	(1.190.556)
<i>Cash Flows Arising from the Purchase of Tang.. Non Current Assets</i>	<i>20, 21</i>	<i>(66.531)</i>	<i>(1.125.642)</i>
<i>Cash Flows Arising from the Purchase of Intang. Non Current Assets</i>	<i>20, 21</i>	<i>(207.374)</i>	<i>(64.914)</i>
C. CASH FLOWS FROM FINANCING ACTIVITIES		(16.076.340)	26.508.906
Cash Flows Arising from Debts	22-25	(16.076.340)	26.508.906
Other Cash Iflows / Outflows			
NET INCREASE OR DECREASE IN THE CASH OR CASH EQUIV. PRIOR TO THE EFFECTS OF THE FOREIGN CUR. TRANS. DIF.		(12.051.443)	9.275.753
D. THE EFFECTS OF THE FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS			
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	7	(12.051.443)	9.275.753
E. CASH AND CASH EQUIV.AT THE BEG. OF THE PERIOD	7	13.937.616	4.661.863
CASH AND CASH EQUIVALENTS AT PERIOD ENDS	7	1.886.173	13.937.616

The attached notes are an integral part of these financial statements.

TERA YATIRIM MENKUL DEĞERLER A.Ş.
FOR THE PERIOD ENDED DECEMBER 31, 2017

NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

NOTE 1) THE ORGANIZATION AND THE NATURE OF OPERATIONS OF THE COMPANY

Tera Menkul Değerler A.Ş., at the address of Center Office, Maslak Eski Büyükdere Cad. İz Plaza Giz No:9 Kat:11 Şişli- İstanbul, Türkiye, have been carrying out intermediary activities within the framework of the following authorization documents taken from CMB (Capital Markets Board). The company has three separate liaison office other than the central office. Their addresses are the followings.

The company's shareholders as of 31 December 2016 are shown below.

Name - Surname Title	Share (%)		Share Amount (TL)	
	12.31, 2017	12.31, 2016	12.31, 2017	12.31, 2016
Oğuz TEZMEN	45,84	45,84	11.459.633	11.459.633
Emre TEZMEN	38,99	32,42	9.748.464	8.105.219
Gül Ayşe ÇOLAK	12,42	12,42	3.104.751	3.104.751
Süleyman YILDIRIM		6,57		1.643.245
MYRA Eğitim Danışmanlık Ltd. Şti.	2,75	2,75	687.152	687.152
GENEL TOPLAM	100,00	100,00	25.000.000	25.000.000

Addresses:

Center : Eski Büyükdere Cd. İz Plaza Giz No:9 K:8-9 D:25-26-27-28-32 Sarıyer / İstanbul
Antalya Liaison Office : Kışla Mh. Güllük Cd. Soytaş Ulukut İş Mrk. No:10/21 Antalya

The average number of personnel employed by the company 2017 are 39 people (2016: 88 persons)

The company has taken the following authorization documents from the Capital Markets Board /CMB);

- ✓ Broad Authorized Brokerage House {(Date/No: 02.01.2015 / G-001 (348)}

The company have decided to cancel the authorizations mentioned below;

- ✓ Proof of Entitlement Exchange Brokerage (dated 07.10.2005 and nr. ARK/ASA-348)
- ✓ Margin Trading, Short Selling and Securities Borrowing and Lending Operations Permission (Dated 09.11.2006 and nr.B.02.1.SPK.0.16-1784)
- ✓ Proof of Entitlement of Derivative Trading Brokerage (Dated 15.07.2009 and nr. ARK/TAASA-157)
- ✓ Proof of Entitlement Public of Offering (Dated 29.06.2010 and nr. ARK/HAA-300)
- ✓ Proof of Entitlement of Leveraged Transactions(Dated 26.04.2012 and nr.ARK/KAS-10)

NOTE 1) THE ORGANIZATION AND THE NATURE OF OPERATIONS OF THE COMPANY (Continued)

The subsidiaries included in the consolidation

The company included Tera VKŞ, starting from the financial statement dated 06.30, 2015 and according to the principles and the principles of full consolidation, in its financial statements. The Company has been removed from full consolidation as of 31.12.2017 since it was liquidated on 22.08.2017. Because that Tera Europe Ltd. Has been sold on 26.03.2016 it's not consolidated.

Tera Asset Lease Company (Will be called as "Tera ALC" later on)

Tera ALC was established on 23 January 2015 as published on Turkish Trade Gazette dated 16.02.2015 and numbered 8759. The company acquired 100% of the shares of Tera ALC. The company is set up with a capital of 100.000 TL. Capital is fully paid. Tera ALC, at the head Office address; Maslak Mh. İz Plaza Giz No:9 D:25-26-27-28-32 Sarıyer / İstanbul, Turkey has been leasing assets. The Company has direct and indirect equity ratio and the effective ownership rate of 100% to Tera ALC.

As explained in the paragraph above, the Company became a partner of Tera ALC in 2015. The Company prepared its financial statements on a consolidated basis as of 06.30, 2015. The Company received a liquidation decision on 16.01.2017 and liquidated on 22.08.2017. The Company has been removed from full consolidation as of 31.12.2017 as it has been liquidated.

NOTE 2) BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basic Principles Regarding Presentation

The company prepares and keeps its legal books and the statutory financial statements in compliance with the accounting principles set forth in the Turkish Commercial Code ("TCC") and the relevant tax legislation.

Financial Statements have been prepared in accordance with the formats specified in the decision taken in the meeting dated 07.06.2013 with nr.20/670 of the Capital Markets Board and, published in the weekly bulletin dated 07.06.2013 with nr. 2013/19 In this context, financial statements have been prepared in accordance with the Turkey Accounting Standards (IAS) / Turkey Financial Reporting Standards (TFRS) .

Besides the financial assets and liabilities disclosed in their fair values, pursuant to the The principle of historical cost, the financial statements have been prepared in Turkish Lira ("TL"), which is the functional monetary unit used by the company. During the determination of the historical cost, generally the fair value of the amounts paid for the assets is taken as basis. The legal records of the company are maintained in Turkish Lira ("TL")

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

2.2 Declaration of Compliance with the TAS

The financial statements have been prepared in accordance with the Turkish Accounting Standards (TAS)/Turkish Financial Reporting Standards (TFRS)

2.3 Amendments in the Accounting Policies

The significant amendments introduced in the accounting policies and the significant accounting errors determined, are applied in a retroactive manner, and the financial statements relating to the previous periods, are revised accordingly. If the amendments in the accounting assumptions are exclusively related to one period, they are applied on the current period on which the amendment has been made, and if the said amendments are related to the oncoming periods, they are applied both on the period on which the amendment has been made, and proactively on the oncoming periods. In the present case, no amendments have been made as compared to the previous periods.

2.4 Amendments and Errors Relating to the Accounting Assumptions

During the preparation of the financial statements, the Company management should take into consideration the assumptions and estimations that might effect the reported assets and liabilities totals, the probable obligations and commitments that might arise as of the balance sheet date, and that might determine the income and expense totals as of the reporting period. The achieved results might differ from the assumptions.

The assumptions are regularly revised, the required corrections are made, and are reflected in the P/L Statement on the period when they are realized. No significant changes have occurred in the accounting assumptions during the current period.

2.5 The New and Revised International Financial Reporting Standards

New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2017 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and IFRIC interpretations effective as of January 1, 2017. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at January 1, 2017 are as follows:

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

2.5 The New and Revised International Financial Reporting Standards (Continued)

Amendments to IAS 7 Statement of cash flows

The amendment on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. These amendments applied but did not have a significant impact over consolidated financial statements and disclosures of the Group.

Amendments IAS 12 Income Taxes

The amendment is effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarifies certain other aspects of accounting for deferred tax assets. The amendment did not have a significant impact over consolidated financial position or performance of the Group.

Annual Improvements 2014-2016 Cycle

IFRS 12, 'Disclosure of interests in other entities'; regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017. This amendment clarifies that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarized financial information. The amendment did not have a significant impact over consolidated financial position or performance of the Group.

Standards issued but not yet effective and not early adopted

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

TFRS 15 Revenue from Contracts with Customers

In September 2016, POA issued TFRS 15 Revenue from Contracts with Customers. The new standard issued includes the clarifying amendments to TFRS 15 made by IASB in April 2016. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). Effective date for TFRS 15 is January 1, 2018, with early adoption permitted.

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

2.5 The New and Revised International Financial Reporting Standards (Continued)

IFRS 15 Revenue from Contracts with Customers (Continued)

Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IFRS 9 Financial Instruments

In January 2016, POA issued the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called ‘own credit’ issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted by applying all

requirements of the standard. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard. Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

Annual Improvements to IFRS - 2014-2016 Cycle

POA issued Annual Improvements to IFRS Standards 2014–2016 Cycle, amending the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards: This amendment deletes the short-term exemptions about some IFRS 7 disclosures, IAS 19 transition provisions and IFRS 10 Investment Entities. These amendments are to be applied for annual periods beginning on or after 1 January 2018.

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

2.5 The New and Revised International Financial Reporting Standards (Continued)

• **TAS 28 Investments in Associates and Joint Ventures:** This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital organization or other qualifying entity at fair value through profit or loss applying TFRS 9 Financial Instruments is available for each associate or joint venture, at the initial recognition of the associate or joint venture. These amendments are to be applied for 1 annual periods beginning on or after 1 January 2018. Earlier application is permitted. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

TFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments)

The TASB issued amendments to TFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled sharebased payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

TAS 40 Investment Property: Transfers of Investment Property (Amendments)

The TASB issued amendments to TAS 40 'Investment Property '. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Group.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. An entity is not required to apply this Interpretation to income taxes; or insurance contracts (including reinsurance contracts) it issues or reinsurance contracts that it holds.

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

2.5 The New and Revised International Financial Reporting Standards (Continued)

IFRIC 22 Foreign Currency Transactions and Advance Consideration (Continued)

The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

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

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

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

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

IFRS 16 Leases

In January 2016, the IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

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

2.5 The New and Revised International Financial Reporting Standards (Continued)

IFRIC 23 Uncertainty over income tax treatments

The amendment effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. The IFRS Interpretation Committee had clarified previously that IAS 12, not IAS 37 ‘Provisions, contingent liabilities and contingent assets’, applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

2.6 Comparative Information and Restatement of Prior Period Financial Statements

In order to allow the determination of the financial status and the performance trends, the Company prepares its financial statements in comparison with the financial statements of the previous periods. In order to ensure a compatibility with the presentation of the current year’s financial standards, the comparative data are reclassified and the significant differences are explained if deemed as necessary.

2.7 Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents of the company consist of the money in the cash box and in the banks, B Type liquid funds and checks and notes that have maturity of less than three months. Cash and cash equivalents are short term investments with high liquidity of whose maturity does not exceed three months that can be easily converted into cash, for which there exists no risk of losing any value. Cash and cash equivalents are disclosed at the aggregate total of their acquisition costs and their accrued interests.

Trade Receivables

The trade receivables are carried at the reduced net values after the deduction of the provisions for doubtful receivables. The following rates have been used as reduction ratio. In case there exists signs that the Company cannot collect the amounts that have become due, a provision is formed for trade receivables. The amount of the concerned provision corresponds the difference between the recorded value of the receivable and the amount that is collectible.

NOTE 2) PRINCIPLES CONCERNING THE PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 The Summary of the Significant Accounting Policies (Continued)

Trade Receivables (Continued)

The collectible amount is the discounted value determined by taking as basis the original active interest rate of all the cash flows including the totals that can be collected from the assured totals and guarantees, and the trade receivable that is formed.

Related Parties

If a Company has the power of sanction on another Company, and/or if a Company can effect the financial and operational decisions of another Company, then these two companies are accepted as related parties. In the financial statements, the shareholders are disclosed as financial assets ready for sale, and the related parties of the shareholders are disclosed as related parties. The scope of the term “related parties” also include the main owner of the Company, its top management, the board members and their families.

Tangible Non-Current Assets

Depreciation has been calculated through the application of straight line depreciation method on the tangible non-current assets disclosed at the purchase power prevailing on the balance sheet date. (Note 20). The Tangible Non-Current Assets are distributed among the important departments on the date on which they have been first recorded and each department is subjected to depreciation by taking into consideration their relevant economic lives.

The assets that are acquired through financial leasing, are subjected to depreciation in the same manner as the shorter one of their expected economic lives and the concerned financial leasing period.

The expected economic lives of the tangible non-current assets are as follows:

	Average Economic Life	Applicable Method
Buildings	50 Years	Straight Line Depreciation
Machinery, Plant and Equipment	3–10 Years	Straight Line Depreciation
Vehicles	5 Years	Straight Line Depreciation
Fixtures and Furnishing	4–10 Years	Straight Line Depreciation
Other Tangible Assets	4–5 Years	Straight Line Depreciation

The profit or loss derived from the discharge of the tangible non-current assets, are determined according to the value of the relevant tangible non-current asset, and are carried to the relevant income or expense account.

NOTE 2) PRINCIPLES CONCERNING THE PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 The Summary of the Significant Accounting Policies (Continued)

Discharge:

The profit or loss derived from the discharge of the tangible non-current assets, are included under the relevant income or expense accounts, and their accumulated depreciation are written off from the relevant accounts. There are no discharges during the current period.

Intangible Non-Current Assets

The intangible non-current assets consist of computer software and the original cost of such software is determined through its acquisition cost. The concerned software is amortized over the estimated economic life according to the straight line depreciation method. (Estimated economic life: 5 years). The amortization share totals are reflected on the general administrative expenses.

Decline in the Value of Assets

In cases when the assets cannot be converted into cash over their current values, a check is applied to see whether there exists any decline in the value of the concerned asset. In cases when the value the concerned asset exceeds the total that would occur when they are converted into cash, the provision cost for the decline in value, is reflected in the P/L statement. The amount that could be converted into cash, equals to the higher one of the net sales price of the cash in question, and its use value.

The use value implies the current value of the cash flows in the future, envisaged to be derived from the use of an asset and from its sale at the expiry of its economic life, , and the net sales price implies the amount outstanding after the deduction of the cost of sales from its sales proceeds. In the event that the cash to be converted into money can be determined, an estimate is made for each asset, and if cannot be determined, the estimate is made for the group that provides the cash flow. If the provision for the decline in the value is no longer valid, or if a provision is required to be set aside at a lower value, the value of the concerned asset is withdrawn to concerned total, and this amount is carried to the P/L Statement.

The company makes an appraisal regarding whether any indicator exists for decline in the value of the concerned asset on each balance sheet date.

NOTE 2) PRINCIPLES CONCERNING THE PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 The Summary of the Significant Accounting Policies (Continued)

Financial Leasing Transactions

The Company reflects the fixed assets that it has acquired through financial leasing in the balance sheet, market value prevailing at the beginning of the leasehold, or if it is lower, at the current value of the minimum leasehold payments value prevailing at the balance sheet date (this value has been included in the relevant tangible assets account in the financial statements).

During the calculation of the minimum rental payments, if the rate that is valid in the financial leasing transaction can be practically determined, the concerned value, otherwise, the debit interest rate, is used as the discount factor. The expenses incurred during the first stage of the fixed asset subjected to financial leasing transaction, are added up to the cost. The liability arising from the financial leasing transaction, has been separated into the principal debt and the interest.

The interest expenses were calculated over the fixed interest rate and has been included under the accounts of the relevant period. For each financial agreement, the company has the option to purchase at the nominal values.

Trade Payables

The trade payables are recorded in the records at the reduced cost values representing the market values of the invoiced and the non-invoiced totals that will occur in the future for the purchase of goods and services.

Provisions, Contingent Liabilities and Assets

i) Provisions

The provisions are carried to the records if and only if the entity has a (legal or structural) liability coming from the past and which is currently continuing, if the discharge of assets that provide economic assets to the entity on account of this liability is in question, and if the amount of the liability to occur can be estimated in a reliable manner. When the loss of value of the cash gains significance, the provisions are calculated through the rate of the current market estimates before tax reflecting the value of the money in time (and if appropriate, the special risks of the concerned liability), and through the discount of the future cash flows. When the discount method is used, the increase in the provisions reflecting the time bracket, is taken into consideration as the interest expense.

NOTE 2) PRINCIPLES CONCERNING THE PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 The Summary of the Significant Accounting Policies (Continued)

Provisions, Contingent Liabilities and Assets (Continued)

ii) Contingent Liabilities and Assets

The contingent liabilities are not reflected in the financial statements and are explained in the notes, if a strong probability regarding resource transfer does not exist. The contingent assets are not reflected in the financial statements, and are explained in the footnotes if a high probability exists regarding the creation of economic gains.

Taxes Calculated Over the Corporate Profits

The corporate tax expense consists of the total of the current tax burden and deferred tax expense.

Current Tax

The current tax is calculated over the taxable portion of the profit for the period. Since the taxable profit excludes the items that will be taxable on the other years or the items that will be tax deductible, and the items that cannot be taxable or tax deductible, they are different from the profit that is disclosed in the P/L Statement. The current tax liability has been calculated by using the tax rate that has been legalized or that has been legalized to an important to an important extent as of the balance sheet date for the year 2017, the applicable tax rate is 20%. (2016 %20)

Deferred Tax:

The deferred tax liabilities or assets are determined by taking into consideration the legalized tax rates of the temporary differences between the totals of the taxes or liabilities disclosed in the balance sheet and the amounts that are taken into consideration during the calculation of the legal tax base according to the balance sheet method.

While the deferred tax liabilities are calculated for all the taxable temporary differences, the deferred tax assets that consist of deductible temporary differences are calculated on condition that a strong probability exists regarding the deriving of benefits are possible in the future through obtaining taxable gains. The concerned assets and liabilities are not recognized if the temporary differences, goodwill, or other assets and liabilities are emerging from their inclusion in financial statements for the first time (with the exception of the occasion of company mergers).

NOTE 2) PRINCIPLES CONCERNING THE PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 The Summary of the Significant Accounting Policies (Continued)

Taxes Calculated Over the Corporate Profits (Continued)

Deferred Tax (Continued)

Deferred tax liabilities are estimated for all of the temporary taxable differences except for the occasions on which the elimination the temporary differences can be controlled and when the chances for the elimination of the said difference is low. The deferred tax assets emerging from the taxable temporary differences that can be associated with such investments and shares, are calculated in cases when benefiting from the concerned differences in order to acquire adequate taxable gains in the future is strongly possible and when the elimination of the concerned differences is probable.

The registered value of a deferred tax asset, is reviewed as of each balance sheet date. The registered value of a deferred tax asset diminishes in cases when the acquisition of financial profits at a level that would allow deriving benefits from the whole or a part of the said deferred tax asset is improbable.

Deferred tax assets and liabilities are calculated over the tax rates (or tax regulations) that are expected to become valid on the period when the concerned assets are realized or the liabilities are fulfilled, and that are legalized or that are mostly legalized as of the balance sheet date. For the year 2016, the applicable tax rate is 20%.

Benefits Provided to Employees / Severance Pay

According to the provisions of the current laws and collective contracts, severance pay is paid when an employee is retired, or when the employment contract of an employee is terminated. According to the updated TAS 19 “Benefits provided to the Employees”, the concerned payments are qualified as defined retirement benefit plans. The severance pay obligation that is recognized in the balance sheet has been calculated according to the net current value of the liability totals that are expected to emerge on the occasion of the retirement of the employees of the company, and has been reflected to the financial statements. All the actuarial gains and losses have been reflected in the P/L Statement.

NOTE 2) PRINCIPLES CONCERNING THE PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 The Summary of the Significant Accounting Policies (Continued)

Taxes Calculated Over the Corporate Profits (Continued)

Benefits Provided to Employees / Severance Pay (Continued)

Retirement benefit obligation recognized in the balance sheet, statement of income as adjusted for unrecognized actuarial gains and losses represents the present value of the outstanding liability. The actuarial assumptions used in the calculation of total liabilities as follows:

	<u>12.31, 2017</u>	<u>12.31, 2016</u>
Discount rate	% 3,64	% 3,64
The estimated rate of retirement	% 100	% 100

Provision for severance pay ceiling announced by the government is based on the calculation. 31 December 2016 and 31 December 2015, as at 4.297,21 TL and 3.828, 37 TL respectively, amounting ceiling rates. Due to the absence of any legal obligation, this obligation has not been allocated to any fund.

Revenues

The income is measured through the fair value of the receivable total that has been or that will be collected, and implies the outstanding receivable totals following the deduction of the discounts relating to the sale of goods and services realized according to the normal course of business and the taxes relating to the sales.

Sale of Goods:

The income derived from the sale of goods, are recognized once the conditions stated below are fulfilled:

- ✓ The Company's transfer of all the significant risks and gains under its possession to the buying party,
- ✓ The absence of an effective control of the Company on an administrative participation that could be associated with its ownership, and that is currently in progress,
- ✓ The measurement of the income total in a reliable manner,
- ✓ The probability of the flow of an economic benefit to the enterprise regarding the transaction,
- ✓ The measurement of the costs emerging or that could emerge from the transaction in a reliable manner,

NOTE 2) PRINCIPLES CONCERNING THE PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 The Summary of the Significant Accounting Policies (Continued)

Sale of Services:

The income derived from the sale of services is deemed to be generated when the concerned income reaches a level of completion. In cases when an income derived from a contract cannot be measured in a reliable measure, the income derived is deemed as that is recoverable from the relevant expenses incurred.

Interests and Dividend Income:

The interest gain is accrued on the relevant period in proportion with an effective interest that reduces the remaining principal capital and the anticipated cash inflows to be derived from the relevant financial asset throughout its economic life to the registered value of the concerned asset.

Debit Expenses

When assets that require a significant time for its preparation to use and for its sale (special assets) are in question, the debit expenses that are directly associated with the purchase, manufacturing or production, are added up to the cost of the concerned asset until the concerned asset becomes ready for its use or sale. The Company does not own such an asset.

The debit costs total that can be capitalized relating to the borrowed funds derived for the purpose of the acquisition of a special asset in a given period, is the amount that can be measured through the deduction of the income derived from the temporary investments of these funds from the cost of the total debit costs incurred for the concerned assets on the relevant period. The financial investment income that has been derived through the financial investments of the portion of the loans utilized regarding the investments that have not yet been spent yet, is offset from the debit costs that are suitable for capitalization.

All other debit costs are carried to the P/L Statement during the period on which they have been formed.

NOTE 2) PRINCIPLES CONCERNING THE PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 The Summary of the Significant Accounting Policies (Continued)

Financial Instruments

Financial instruments are contracts that increase the financial assets of an enterprise, and the financial liabilities or capital instruments of another enterprise.

Financial Assets

Financial assets are the assets of whose market values approach the value that they possess. These assets are disclosed in the financial statements at their cost values, and contain cash and cash equivalent assets, the interest accruals on such assets and other current financial assets, and since they are short term assets, it is assumed that their market values approach their carry forward values. The accounts payable are assumed to be close to the market values of the carried values after the deduction of the deferred financial expenses and the provisions for the doubtful receivables. If the maturity of the receivables are shorter than 12 months as of the balance sheet date, they are classified as current (short term) assets, and if their maturity is longer than the said period, they are classified as non-current (long term) assets.

Besides the receivables, the marketable securities with fixed or variable interest payment plan, and with a fixed term maturity that the company intends to keep until the end of their maturity, are classified as investments that will be kept until the end of maturity. The company does not have such financial instruments.

A financial asset or a financial liability that is kept for the purpose of purchase and sale, is a financial asset or liability that is kept for the purpose of deriving profits from the short term movements in the price or in the profit margin of the intermediary. If a financial asset exists in a portfolio created for the purpose of creating a short term profit, it is kept for purchase and sale, independent from the main purpose that it has been acquired. As long as the derivatives of the financial assets and liabilities are not acquired for the purpose of hedging, it can be classified as a financial asset or financial liability that is kept for the purpose of purchase and sale.

The financial assets ready for sale are financial assets other than (a) entity based loans and receivables, (b) financial assets that will be kept until the end of maturity, (c) financial assets that are kept for the purpose of purchase and sale. The company does not have any assets that it has classified in this manner.

NOTE 2) PRINCIPLES CONCERNING THE PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 The Summary of the Significant Accounting Policies (Continued)

Financial Instruments (Continued)

A financial asset or liability is calculated through the addition of transaction expenses if any, on the transaction costs which is the market value of the given (financial asset), or the received (financial liability). Following the initial recording, the financial assets, including the financial derivatives, which are themselves assets, are appraised without the deduction of transaction costs to incur in the case of sale at market value. Besides this, the financial assets that are included in the categories mentioned below (the ones with fixed maturity at their discounted costs) are carried to the records at their costs calculated through the application of effective interest method.

- ✓ The loans and the receivables owned by the company, and that are not kept for the purpose of purchase and sale,
- ✓ Investments that are kept until their maturity, and
- ✓ Financial assets that are not determined in any market, which do not have any market value, and of whose market value cannot be measured.

For the estimation of the market values of the financial instruments of whose market values could be estimated, the following methods and assumptions have been used.

Effective Interest Method

The effective interest method involves the appraisal of a financial asset with the amortized cost method, and the distribution of the relevant interest income among the relevant period. The effective interest rate is the rate that reduces the estimated cash total to be collected, or if it is more convenient, the reduction of the estimated cash total during a shorter period, to the exact net total of the relevant financial asset.

The fair value difference, the income relating to financial assets classified other than the financial assets reflected to profit or loss, are calculated by using the effective interest method.

Financial Liabilities

The financial liabilities are the type of liabilities of whose market values approach the value that they possess. Since the trade payables and other financial liabilities are short term, it is presumed that they approach their market values. The bank loans are disclosed at their discounted costs and the transaction costs are added up to the initial registered values. Since their interest rates are updated in due consideration of the market conditions, it is presumed that the loans express their market values. It is envisaged that the trade payables outstanding after the deduction of the Financial Gains, are closer to the market values.

NOTE 2) PRINCIPLES CONCERNING THE PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 The Summary of the Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Contract based financial liabilities, are contract based liabilities

- ✓ That envisage to give cash or another financial asset to another enterprise, or
- ✓ That envisage the reciprocal exchange of the financial instruments of the enterprise, with the financial instruments of another enterprise, in a manner that is against the enterprise.

Following the initial recording, all the financial liabilities other than the liabilities kept for the purpose of purchase and sale, are carried to the records at their costs calculated through the application of effective interest method.

Shareholders' equity items, refer to all agreements that imply the outstanding benefits after the deduction of all the financial resources of a company.

The Recording and the Write-Off of the Financial Instruments

The Company carries its financial assets and liabilities only and only if it acts as a party to a contract concerning a financial instrument. The Company writes off a financial asset from its records only and only if it loses its control over its rights emerging from the contract of which the concerned assets is a subject. The company writes off a financial liability only if its obligation defined in the contract is eliminated, cancelled or becomes subject to period of prescription.

The Effects of Exchange Rate

The financial statements of the Company is presented in the basic monetary unit prevailing in its economic environment (functional monetary unit (TL)). The financial status and the result of operations of each enterprise, is denominated in TL, which is the valid currency for presentation of the financial statements.

During the preparation of the financial statements, the transactions realized in foreign exchange (i.e. the currencies outside that relevant monetary unit), are recorded in the financial statements by taking as basis the exchange rates prevailing on the transaction date. The foreign currency indexed monetary assets and liabilities, are converted into the functional monetary unit of the enterprise, by using the rates of exchange prevailing on the balance sheet date. Of the non-monetary assets that are tracked in their fair values, those that are denominated in foreign currency, are translated into TL by taking as basis the rates of exchange prevailing on the date on which the fair value has been assessed.

NOTE 2) PRINCIPLES CONCERNING THE PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 The Summary of the Significant Accounting Policies (Continued)

Financial Instruments (Continued)

The non-monetary assets in foreign currency that are measured on the basis of historical cost, are not subjected to re-translation.

Except for the situation explained below, the foreign exchange differences are recognized as profit or loss, in accordance with the period on which they have been determined.

(The currency differences that are taken as revision items on the interest costs of the liabilities relating to the assets that are constructed for the purpose of being used in the future, and that are denominated in foreign currency, and that are added up to the cost of such assets)

The assets and liabilities of the company are denominated in TL in the financial statements by taking as basis the rates of exchange prevailing on the date of the balance sheet. The company is resident in Turkey, and the functional monetary unit is TL.

Gains per Share

The gain per share mentioned in the P/L Statement has been calculated through the division of the net profit to the weighted average of the number of shares circulated throughout the period. The weighted average of the number of shares circulated throughout the period, are calculated through taking into consideration the shares issued without creating an increase in the resources. However, from the standpoint of the legal records, the calculation of the profit per share, is subject to the provisions of the local legislation and the prevailing laws.

Subsequent Events

The events that took place after the balance sheet date that provide additional information regarding the status of the company on the balance sheet date (events that require revision) are reflected in the financial statements. The events that do not require revision are explained in the notes, if they require a specific attention.

Cash Flow Statement

In the cash flow statement, the cash flows relating to the period, are classified and reported in a manner that is based on the enterprise, investment and the financial activities.

Cash flows from operating activities, the Group's brokerage house activities.

The cash flows relating to the investment activities, show the cash flows used and derived by the Company in its investment activities (fixed investments and financial investments).

NOTE 2) PRINCIPLES CONCERNING THE PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 The Summary of the Significant Accounting Policies (Continued)

The cash flows relating to the financial activities, show the resources used by the Company in its financial activities, and the repayment of these resources. (Capital increase, utilization of loans, repayment).

Cash and cash equivalents in the statement of cash flows, cash and cash in banks and time deposits with original maturity of three months or less.

Capital and the Dividends

The ordinary shares are classified as shareholders' equity. The dividends distributed over the ordinary shares, are recorded through deduction from the accumulated profits recorded on the date on which the Company has adopted the resolution concerning dividend distribution. The company has not distributed any dividends to its shareholders on the current period. (2015: None.)

2.8 The Significant Accounting Evaluations, Estimates and Assumptions

The preparation of the financial statements require the amounts of the assets and liabilities reported as of the balance sheet date, the explanation of the contingent assets and liabilities, and the use of the estimates and assumptions that might effect the totals of the income and expenses throughout the relevant fiscal year. Although such estimates and assumptions are based on the best information regarding the current events and transactions, the physical results might differ from the assumptions.

The critical decisions that the Company has adopted during the application of the accounting policies:

✓ Doubtful Receivables

In order to secure the collection of its receivables that might become overdue, and that may create problems in their collection, the Company records provisions for doubtful receivables by taking into consideration the financial position of the concerned clients, its previous experiences and other relevant factors, and by appraising the creditability of the client.

✓ The Economic Lives of the Fixed Assets

Tangible and intangible non-current assets are amortized throughout their economic lives by the Company management.

NOTE 2) PRINCIPLES CONCERNING THE PRESENTATION OF FINANCIAL STATEMENTS (Continued)

The Significant Accounting Evaluations, Estimates and Assumptions (Continued)

✓ Deferred Taxes

The Company recognizes deferred tax asset and liability for the temporary timing differences emerging from the differences that occur between its legal financial statements taken as basis in taxation, and the financial statements drawn up according to the TFRS. The company has unused financial losses that could be deducted from its future profits, and deferred tax assets that consist of the other deductible temporary differences. The entire or partial recoverable totals pertaining to the deferred tax assets have been estimated under the present circumstances. During the appraisal, the future profit projections, the losses that have occurred during the current period, the deadline for the utilization of the unused losses and the other tax assets, and the tax planning strategies that could be used if necessary, was taken into consideration.

NOTE 3) COMPANY MERGERS

None. (12.31, 2016: The Group have merged with Ticaret Menkul Değerler A.Ş. as permitted by Capital Markets Board as of 2015, 12.31).

NOTE 4) SHARES IN OTHER ENTERPRISES

None. (12.31, 2016: None).

NOTE 5) SEGMENT REPORTING

None. (12.31, 2016: None).

TERA YATIRIM MENKUL DEĞERLER A.Ş.
FOR THE PERIOD ENDED DECEMBER 31, 2017
NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

NOTE 6) RELATED PARTY TRANSACTIONS

	12.31, 2017	12.31, 2016
Receivables from Rel. Parties (Short-Term Trade)		
Eren TEZMEN	1.032.983	3
	1.032.983	3
Receivables from Rel. Parties (Short-Term Other)		
Myra Araç Kiralama A.Ş.	3.212.724	
Süleyman YILDIRIM		208.064
Ahmet Burak AKBULUT		156.650
TRA Bilişim	10.820	11.462
	3.223.544	376.176
Payables to Rel. Parties (Short-Term Trade)		
Emre TEZMEN		7.583
Oğuz TEZMEN	75	2.728
Katrin TEZMEN	2.713	14.919
Dilara TEZMEN	13.295	11.897
Sinan TEZMEN	15.144	13.358
Eren TEZMEN		
Gül Ayşe ÇOLAK	4.060	19.784
Ahmet Burak AKBULUT		149.971
Myra Araç Kiralama A.Ş.		42.204
	35.287	262.444

Chairman and members of the board of directors, general manager, general coordinator, assistant general manager and other senior management including the current interim period, the total amount of remuneration amounting to 1.110.907 TL. The entire amount covered by short-term employee benefits. (01.01.-12.31, 2016: 973.055

TL. Amount was fully covered by short-term employee benefits.)

	12.31, 2017	12.31, 2016
Fees and commissions Taken	880	54.898
Fees and commissions Given	271.209	
Interest Income	66.192	20.860
Rental Income	309.852	316.679
Other Income	1.551	20.450

TERA YATIRIM MENKUL DEĞERLER A.Ş.
FOR THE PERIOD ENDED DECEMBER 31, 2017

NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

NOTE 7) CASH AND CASH EQUIVALENTS

Cash and cash equivalents, bank deposits, the agreement includes assets. Cash and cash equivalents can easily be converted into cash; maturities of three months or less and the value of incurred short-term highly liquid investments with insignificant risk of change.

	12.31, 2017	12.31, 2016
Cash	3.414	23.756
- <i>Turkish Lira</i>	3.414	23.756
Bank	391.633	13.913.860
- <i>Time Deposits</i>		6.700.000
- <i>Demand Deposits</i>	391.633	7.213.860
Customer Assets	1.491.126	
TOTAL	1.886.173	13.937.616

Demand deposits at banks are presented below:

	Dec. 31, 2017	Dec. 31, 2016
TL	108.769	176.945
USD	282.864	6.725.721
EURO		45.382
GBP		265.812
	391.633	7.213.860

There is no customer assets in bank accounts. (2015: 836.195 TL)

There are no time deposits for the current period

The maturity dates of time deposits as of December 31, 2016 are as listed below:

<u>Currency</u>	<u>Interest Rate (%)</u>	<u>Maturity</u>	<u>December 31, 2016</u>
TL	10,70	02.01.2017	6.700.000
			6.700.000

TERA YATIRIM MENKUL DEĞERLER A.Ş.
FOR THE PERIOD ENDED DECEMBER 31, 2017
NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

NOTE 8) FINANCIAL ASSETS

Short-Term Financial Investments;

	12.31, 2017	12.31, 2016
Fair Value Recognised in the Income Statement		
Private Sector Bonds and Notes	31.906.215	46.299.786
TOTAL	31.906.215	46.299.786

Long-Term Financial Investments;

	12.31, 2017	12.31, 2016
Available-for-Sale Financial Assets		
Equity Instruments	38.499	357.921
TOTAL	38.499	357.921

The Group's December 31, 2017 and 2016 Available-for-Sale Financial Assets Non-Listed Shares, the rate and amount of participation are as follows.

<u>Group</u>	<u>% Of</u>	<u>Dec. 31, 2016</u>	<u>% Of</u>	<u>Dec. 31, 2015</u>
Takasbank A.Ş.	0,0001	9.000	0,0001	7.000
Borsa İstanbul A.Ş. C Grubu	0,0754	319.422	0,0377	159.711

TERA YATIRIM MENKUL DEĞERLER A.Ş.
FOR THE PERIOD ENDED DECEMBER 31, 2017

NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

NOTE 9) ACCOUNTS RECEIVABLE AND LIABILITIES

	12.31, 2017	12.31, 2016
Short-Term Trade Receivables		
Notes Receivables		437.865
Related Parties (Note 6)	1.120.000	
Deferred Financial Expenses (-)	(87.017)	(4.513)
Receivables from Customers	9.914.702	3.130.382
Related Parties (Note:6)		3
Receivables Credit Customers	6.833.028	9.773.860
Guarantees given Borrowed Securities	3.901.500	1.255.000
Time Deposits Commitments		851.180
Futures Trading and Options (Customer)	2.759.614	2.415.539
Margin Trading (Customer)	70	8.111.749
To be Ref. Principal, Interest, Coupon, Income Shares		3.964
Other Trade Receivables	33.719.429	12.889.505
TOTAL	58.161.326	38.864.534

While deciding of whether or not the company receivables will be collected, the company makes an appraisal on whether any changes have occurred on the quality of the loan during the period from its first recording date until the balance sheet date. Since the Company is working with a great number of clients, the credit risk is dispersed and a significant credit concentration does not exist.

	12.31, 2017	12.31, 2016
Short-Term Trade Payables		
Trade Payables	227.301	294.889
Payables to Customers	1.307.227	790.029
Related Parties (Note 6)	75	
Futures Trading and Options (Customer)	2.759.614	2.415.539
Margin Trading (Customer)	70	8.111.749
Payables from Overnights	2.782.916	3.930.286
Related Parties (Note 6)	35.212	11.897
Time Deposits Commitments	1.491.126	600.633
Related Parties (Note 6)		250.547
TOTAL	8.603.541	16.405.569

NOTE 10) FINANCIAL OPERATIONS ASSETS / LIABILITIES

None. (12.31, 2016: None).

TERA YATIRIM MENKUL DEĞERLER A.Ş.
FOR THE PERIOD ENDED DECEMBER 31, 2017
NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

NOTE 11) OTHER RECEIVABLES AND LIABILITIES

	12.31, 2017	12.31, 2016
Short-Term Receivables		
Deposits and Guarantees Given	4.307.686	20.707.859
Short-Term Other Receivables	24.242	74.496
Due from related parties (Note 6)	3.223.544	376.176
TOTAL	7.555.472	21.158.531
	12.31, 2017	12.31, 2016
Other Long Term Receivables		
Deposits and Guarantees Given	4.467.620	148.593
TOTAL	4.467.620	148.593
	12.31, 2017	12.31, 2016
Short-Term Liabilities		
Deposits and Guarantees Taken	3.901.500	1.304.176
Other Short Term Liabilities	2.307	11.258
TOTAL	3.903.807	1.315.434

NOTE 12) DERIVATIVE FINANCIAL INSTRUMENTS

	12.31, 2017	12.31, 2016
Short-Term Derivative Assets		
Margin Trade (Portfolio)		144.824
TOTAL		144.824

NOTE 13) INVENTORIES

None. (12.31, 2016: None).

NOTE 14) LIVING ASSETS

None. (12.31, 2016: None).

TERA YATIRIM MENKUL DEĞERLER A.Ş.
FOR THE PERIOD ENDED DECEMBER 31, 2017
NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

NOTE 15) PREPAID EXPENSES

	12.31, 2017	12.31, 2016
Short-Term Prepaid Expenses		
Prepaid Expenses	127.228	712.943
TOTAL	127.228	712.943
	12.31, 2017	12.31, 2016
Long-Term Prepaid Expenses		
Prepaid Expenses	269	4.016
TOTAL	269	4.016

NOTE 16) CURRENT ASSETS RELATED WITH TAX

	12.31, 2017	12.31, 2016
Current Period taxes on assets		
Prepaid Taxes and Funds	38.368	218.641
TOTAL	38.368	218.641

NOTE 17) OTHER CURRENT / NON-CURRENT ASSETS

	12.31, 2017	12.31, 2016
Short-Term Other Current Assets		
Deferred VAT		4.885
TOTAL		4.885

NOTE 18) EQUITY METHOD INVESTMENTS

None. (12.31, 2016: None).

NOTE 19) INVESTMENT PROPERTY

None. (12.31, 2016: None).

TERA YATIRIM MENKUL DEĞERLER A.Ş.
FOR THE PERIOD ENDED DECEMBER 31, 2017

NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

NOTE 20) TANGIBLE NON-CURRENT ASSETS

	12.31, 2017	12.31, 2016
Buildings	6.426.000	9.639.000
Machinery, Plant and Equipment	1.079.916	2.413.003
Vehicle Equipment and Supplies	359.742	427.735
Fixtures and Furnishings	688.759	1.052.748
Other Tangible Assets	465.101	1.326.146
Buildings Depreciation (-)	(299.880)	(257.040)
Machinery, Plant and Equipment Depreciation (-)	(558.491)	(1.570.970)
Motor Vehicles and Equipment Depreciation (-)	(223.917)	(189.365)
Furniture and Fixtures Depreciation (-)	(304.212)	(626.409)
Other Tangible Fixed Assets Depreciation (-)	(256.065)	(961.061)
TOTAL	11.253.787	14.271.705

The movement of tangible assets are as follows:

Cost	Vehicle					Total
	Buildings	Machinery, Plant and Equipment	Equipment and Supplies	Furniture and Fixtures	Other Tangible Assets	
12.31, 2016	9.639.000	2.413.003	427.735	1.052.748	1.326.146	14.858.632
Entry		27.109		10.187	29.235	66.531
Exit	(3.213.000)	(1.360.196)	(67.993)	(374.176)	(890.280)	(5.905.645)
12.31, 2017	6.426.000	1.079.916	359.742	688.759	465.101	9.019.518
Accum. Depreciation						
12.31, 2016	(257.040)	(1.570.970)	(189.365)	(626.409)	(961.061)	(3.604.845)
Entry	(128.520)	(267.164)	(71.948)	(106.040)	(97.085)	(670.757)
Exit	85.680	1.279.643	37.396	428.237	802.081	2.633.037
12.31, 2017	(299.880)	(558.491)	(223.917)	(304.212)	(256.065)	(1.642.565)
Net value 12.31, 2016	9.381.960	842.033	238.370	426.339	365.085	11.253.787
Net value 12.31, 2017	6.126.120	521.425	135.825	384.547	209.036	7.376.953

NOTE 21) INTANGIBLE ASSETS

	12.31, 2017	12.31, 2016
Rights	889.594	682.220
Rights Amortization (-)	(665.450)	(573.072)
TOTAL	224.144	109.148

64.914 TL of Right has been bought, 81.526 TL on the rights are amortization reserved in the current period. (12.31, 2016: 135.524 TL Amortization)

TERA YATIRIM MENKUL DEĞERLER A.Ş.
FOR THE PERIOD ENDED DECEMBER 31, 2017

NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

NOTE 22) SHORT-TERM BORROWINGS

	12.31, 2017	12.31, 2016
Bank Loans	26.250.000	32.341.529
Bonds and Notes Issued	40.000.000	50.000.000
Value Differences of Securities Issued (-)	(171.035)	(186.302)
TOTAL	66.078.965	82.155.227

The Group have issued a financial bill on 07.17, 2017 coded TRFTERA11819 with a nominal value of 40.000.000 TL. It's maturity date is 179 days and issue price is 0,93042 TL.

NOTE 23) SHORT TERM PORTION OF LONG-TERM BORROWINGS

	12.31, 2017	12.31, 2016
Bank Loans	7.750	78
TOTAL	7.750	78

NOTE 24) OTHER FINANCIAL LIABILITIES

None. (12.31, 2016: None).

NOTE 25) LONG TERM BORROWINGS

	12.31, 2017	12.31, 2016
Bank Loans		7.750
TOTAL		7.750

NOTE 26) EMPLOYEE BENEFITS UNDER THE DEBT

None. (12.31, 2016: None).

NOTE 27) GOVERNMENT GRANTS AND INCENTIVES

None. (12.31, 2016: None).

NOTE 28) DEFERRED INCOME

None. (12.31, 2016: None).

TERA YATIRIM MENKUL DEĞERLER A.Ş.
 FOR THE PERIOD ENDED DECEMBER 31, 2017
 NOTES TO THE FINANCIAL STATEMENTS
 (Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

NOTE 29) NET INCOME TAX LIABILITY

	12.31, 2017	12.31, 2016
Long-Term Provisions		
Income Taxes and Other Legal Liabilities Provisions	88.868	135.865
TOTAL	88.868	135.865

NOTE 30) SHORT / LONG TERM COMMITMENT

	12.31, 2017	12.31, 2016
Short-Term Provisions		
Allowances	10.752	
Other Short-Term Provisions		61.171
TOTAL	10.752	61.171

	12.31, 2017	12.31, 2016
Long-Term Provisions		
Employee Benefits Related to Long-Term Provisions	405.769	590.475
TOTAL	405.769	590.475

	12.31, 2017	12.31, 2016
Opening Balance	590.475	543.337
Interest Cost (Not 48)	21.493	19.777
Service Cost (Not 48)	65.391	125.570
Actuarial Difference (Not 33-54)	18.088	100.833
Cancellations / Paid during the period (-) (Not 49)	(289.678)	(199.042)
Closing Balance	405.769	590.475

NOTE 31) LIABILITIES CONCERNING THE TAXES PAID IN THE CURRENT PERIOD

	12.31, 2017	12.31, 2016
Short-Term Tax Liabilities		
Taxes and Funds Payable	222.116	325.801
TOPLAM	222.116	325.801

TERA YATIRIM MENKUL DEĞERLER A.Ş.
FOR THE PERIOD ENDED DECEMBER 31, 2017
NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

NOTE 32) OTHER CURRENT / NON-CURRENT LIABILITIES

	12.31, 2017	12.31, 2016
Current Liabilities		
Other Liabilities	57.715	26.137
TOTAL	57.715	26.137

NOTE 33) EQUITY

Paid-in capital

	12.31, 2017	12.31, 2016
Capital	25.000.000	25.000.000
Capital Commitments	(11.040.000)	(11.040.000)
TOTAL	13.960.000	13.960.000

Capital Restatement Differences

	12.31, 2017	12.31, 2016
Capital Restatement Positive Differences	439.882	439.882
TOTAL	439.882	439.882

Shareholders' equity inflation restatement differences are only used in capital increase without pay, or in the offsetting of losses, and the recorded values of the previous years' profits can be used in capital increase by bonus issue, dividend distribution in cash or in the offsetting of losses.

Recovered Shares (-)

None. (12.31, 2016: None.)

Reciprocal Participation Capital Revision (-)

None. (12.31, 2016: None.)

Premiums/Discounts Relating to Shares

None. (12.31, 2016: None.)

TERA YATIRIM MENKUL DEĞERLER A.Ş.
 FOR THE PERIOD ENDED DECEMBER 31, 2017
 NOTES TO THE FINANCIAL STATEMENTS
 (Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

NOTE 33) EQUITY (Continued)

Other Accumulated Comprehensive Gains or Expenses That Will not be reclassified in Profit or Loss

	12.31, 2017	12.31, 2016
Other Gains / Loses	(192.278)	(177.808)
TOPLAM	(192.278)	(177.808)

Reclassified into profit or loss Accumulated Other Comprehensive Income or Expenses

None. (12.31, 2016: None.)

Restricted Reserves

	12.31, 2017	12.31, 2016
Legal Reserves	1.175.808	1.151.111
TOTAL	1.175.808	1.151.111

The accumulated profits in the legal books, may be distributed in a manner other than the provision mentioned below regarding the legal reserves. According to the Turkish Commercial Code, the legal reserves are divided into two types, namely, legal reserves of first and second order. According to the Turkish Commercial Code, first order legal reserves are set aside as 5% of the legal net profit until 20% of the paid in capital of the company is reached. The second order legal reserves correspond to 10% of the company profits that exceed 5% of the paid in capital of the company. According to the Turkish Commercial Code, legal reserves may be utilized exclusively on the netting of the company losses as long as they do not exceed 50% of the paid-in capital, other than that purpose, they may not be utilized in any other manner.

Retained Earnings / Accumulated Losses

	12.31, 2017	12.31, 2016
Special Funds	74.678	74.678
Extraordinary Reserves	16.714.880	16.332.525
Retained Earnings	104.457	104.457
Previous Years' Losses		(27.085)
TOTAL	16.894.015	16.484.575

TERA YATIRIM MENKUL DEĞERLER A.Ş.
FOR THE PERIOD ENDED DECEMBER 31, 2017
NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

NOTE 33) EQUITY (Continued)

	12.31, 2017	12.31, 2016
Net Profit / Loss	175.256	390.669

Resources Available for Distribution of Profits

According to the entries in the legal books of the Company, the company has distributable profit for the period 514.886 TL (12.31, 2016: 493.940 TL). The other resources that might be used in dividend distribution totals to 17.316.875 TL. (12.31, 2016: 16.016.913 TL)

In the financial statements drawn up by the Company according to Turkish Financial, Reporting Standards (TFRS), the net loss of the Company for fiscal year between the dates 01.01.-12.31, 2017 has been 175.256 TL. ((01.01.– 12.31, 2016: 390.669 TL Profit))

Pursuant to the relevant resolution passed by the Capital Market Board, dividend distribution can be applied by taking into consideration the lower amount of profit disclosed in its legal records and the profit disclosed in the financial statements drawn up according to the TFRS

Non-Controlling Shares

None. (12.31, 2016: None).

NOTE 34) DECOMMISSIONING, RESTORATION AND ENVIRONMENTAL REHABILITATION FUNDS FINANCIAL INTERESTS OF RIGHTS

None. (12.31, 2016: None).

NOTE 35) CO-OPERATIVE INTERESTS OF MEMBERS AND OTHER FINANCIAL INSTRUMENTS

None. (12.31, 2016: None).

NOTE 36) GOODWILL

None. (12.31, 2016: None).

NOTE 37) EXPLORATION FOR AND EVALUATION OF MINERAL RESOURCES

None. (12.31, 2016: None).

TERA YATIRIM MENKUL DEĞERLER A.Ş.
FOR THE PERIOD ENDED DECEMBER 31, 2017
NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

NOTE 38) LEASE

None. (12.31, 2016: None).

NOTE 39) SERVICE CONCESSION ARRANGEMENTS

None. (12.31, 2016: None).

NOTE 40) IMPAIRMENT OF BEINGS ASSETS

None. (12.31, 2016: None).

NOTE 41) PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Group of as of 12.31, 2017 and 2015 guarantee / pledge / mortgage position are as follows:

Guarantees/Pledges/Mortgages Given by the Company:	12.31, 2017	12.31, 2016
A. The Total G/P/M Given by the Comp.on Behalf of its Own Judicial Person.	34.655.290	38.127.790
B. The total Value of the G/P/M Given by the Company in favor of the Partnerships Included within the Scope of Consolidation		
C. The total Value of the G/P/M Given by the Company in order to Warrant the Payables of the Other 3 rd Parties		
D. The total Value of the Other G/P/M Given by the Company		
i. The total Val.of the G/P/M Given by the Comp. in Favor of the Main Partner		
ii. The total Value of the G/P/M Given by the Company in Favor of Other Group Companies not Included Within the Scope of Articles B and C		
iii. The total Value of the G/P/M Given by the Company in Favor of the 3 rd parties not Included Within the Scope of C		
TOTAL	34.655.290	38.127.790
Group's Shareholders' Equity	32.452.683	32.248.429
CPM is given in the Group Group Equity Ratio	% 107	% 118

TERA YATIRIM MENKUL DEĞERLER A.Ş.
FOR THE PERIOD ENDED DECEMBER 31, 2017

NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

NOTE 41) PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Of the Guarantees/Pledges/Mortgages given by the Company all consists of letter of guarantees. (2015: Of the Guarantees/Pledges/Mortgages given by the Company all consists of letter of guarantees.)

a) Letters of Guarantee

Related Institutions	Bank	12.31, 2017	12.31, 2016
BIST	Finansbank A.Ş.		1.222.500
BIST	Bank Asya A.Ş.		2.500.000
BIST	Türkiye Finans A.Ş.		500.000
BIST	Albaraka Türk Kat.Bank. A.Ş.		750.000
Electric Power Supply Unit	Şekerbank G.O.P	10.000	10.000
Capital Markets Board of Turkey	Birleşik Fon Bankası	780	780
Capital Markets Board of Turkey	BurganBank A.Ş.	100	100
Money Market	Akbank A.Ş.	2.500.000	2.500.000
Money Market	Albaraka Türk Kat.Bank. A.Ş.	750.000	750.000
Money Market	Alternatifbank A.Ş.	2.000.000	2.000.000
Money Market	Finansbank A.Ş.	4.474.410	4.474.410
Money Market	Şekerbank G.O.P	2.782.000	2.782.000
Money Market	T.Garanti Bankası A.Ş.	5.390.000	5.390.000
Money Market	T. İş Bankası A.Ş.	4.500.000	2.000.000
Money Market	Vakıfbank A.Ş.	6.000.000	6.000.000
Money Market	Yapı ve Kredi Bank. A.Ş.	4.880.000	4.880.000
Prime Minister's Özel.Sumer	Şekerbank G.O.P	48.000	48.000
Bonds and Bills Market	Türkiye Finans A.Ş.	110.000	110.000
Bonds and Bills Market	Garanti Bankası A.Ş.	110.000	110.000
Bonds and Bills Market	Finansbank A.Ş.	100.000	100.000
Bonds and Bills Market	Nurol Bank A.Ş.	1.000.000	1.000.000
Ege Apartment	Türkiye Finans A.Ş.		1.000.000
TOTAL		34.655.290	38.127.790

Files aganist to the Group	12.31, 2017	12.31, 2016
TL		

NOTE 42) COMMITMENT

None. (12.31, 2016: None).

NOTE 43) BORROWING COSTS

None. (12.31, 2016: None).

TERA YATIRIM MENKUL DEĞERLER A.Ş.
FOR THE PERIOD ENDED DECEMBER 31, 2017

NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

NOTE 44) REVENUE

	01.01	01.01
	12.31, 2017	12.31, 2016
Sales of Shares	3.561.859	9.255.317
Sales of Funds		505.030
Government Bond Sales		337.410
Government Bonds Overnight Income		10.248.617
Sales Rev. from Priv. Sec.Bonds	87.235.793	46.626.131
TOTAL	90.797.652	66.972.505
Domestic Commissions	3.285.128	2.886.799
International Commissions	647.495	2.103.200
Forex Income	1.886.592	10.483.199
Derivative Markets Income	(13.327)	165.147
Other Services Revenues	1.972.285	2.008.018
TOTAL	7.778.173	17.646.363
Interest Income from Customers	4.173.450	3.384.108
TOTAL	4.173.450	3.384.108
Domestic Comm. Rebates (-)	(472.393)	(237.056)
International Comm. Reb. (-)	(416.015)	(1.499.776)
TOTAL	(888.408)	(1.736.832)
TOTAL	101.860.867	86.266.144

NOTE 45) COST OF SALES

	01.01	01.01
	12.31, 2017	12.31, 2016
Cost of Sales of Shares (-)	(3.618.769)	(10.868.407)
Cost of Sales of Funds (-)		(499.999)
Cost of Gov. Bond Sales (-)		(334.698)
Cost of Government Bonds Overnight (-)		(10.229.000)
Cost of Priv.Sec.Bonds (-)	(86.160.363)	(46.086.585)
TOTAL	(89.779.132)	(68.018.689)

TERA YATIRIM MENKUL DEĞERLER A.Ş.
FOR THE PERIOD ENDED DECEMBER 31, 2017

NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

NOTE 46) FINANCIAL SECTOR ACTIVITIES AND COST OF REVENUES

None. (12.31, 2016: None.)

**NOTE 47) GENERAL AND ADMINISTRATIVE EXPENSES AND MARKETING
EXPENSES AND RESEARCH AND DEVELOPMENT EXPENSES**

	01.01	01.01
	12.31, 2017	12.31, 2016
General and Administration Expenses (-)	(9.298.560)	(16.587.840)
Marketing Expenses (-)	(709.623)	(1.227.158)
TOTAL	(10.008.183)	(17.814.998)

NOTE 48) EXPENSES BY NATURE

Marketing Expenses	01.01	01.01
	12.31, 2017	12.31, 2016
Stock Market Part. Expenses (-)	(127.296)	(59.655)
Remote Access Lease Expenses (-)	(77.115)	(23.405)
Investor Protection Fund (-)	(108.994)	(184.475)
Stock Exchange Expenses (-)	(103.401)	(146.672)
VOB Expenses (-)		(167.001)
TSPAKB Fees Expenses (-)	(26.059)	
Takasbank Expenses (-)	(33.271)	(80.655)
MKK Expenses (-)	(40.852)	(13.373)
Public Offering Expenses (-)	(74.769)	
Other Expenses (-)	(25.588)	(551.922)
Advertisement Expenses (-)	(92.278)	
TOTAL	(709.623)	(1.227.158)

TERA YATIRIM MENKUL DEĞERLER A.Ş.
FOR THE PERIOD ENDED DECEMBER 31, 2017

NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

NOTE 48) EXPENSES BY NATURE (Continued)

General and Administration Expenses	01.01 12.31, 2017	01.01 12.31, 2016
Personnel Expenses (-)	(4.667.478)	(7.992.915)
Taxes and duties (-)	(95.911)	(346.868)
Maintenance Expenses (-)	(155.072)	(102.369)
Heating Lighting Expenses (-)	(29.399)	(116.025)
Stationery Expenses (-)	(24.936)	(8.995)
Depreciation Expenses (-)	(763.136)	(942.298)
Shipping and Comm. Expenses (-)	(318.981)	(403.460)
Motor Vehicle Expenses (-)	(664.336)	(179.744)
Insurance Expenses (-)	(12.297)	(312.336)
Rental Expenses (-)	(132.431)	(740.861)
Per Diems (-)	(72.000)	(69.000)
License Fee (-)	(691.743)	(1.128.731)
Prov.for Employee Term. Ben.(-)	(86.884)	(145.347)
Prov.for Allowances (-)	(10.752)	
Representation and Hosp. Exp. (-)	(52.118)	(143.288)
Transportation Expenses (-)	(126.106)	(327.723)
Couns.and Advocacy Charge (-)	(557.801)	(2.563.179)
Bank Expenses (-)	(203.251)	(190.962)
Dues Expenses (-)	(23.185)	(75.308)
Kitchen & Cleaning Expenses (-)	(55.282)	(54.226)
Other Gen.Admin.Expenses (-)	(555.461)	(744.205)
TOTAL	(9.298.560)	(16.587.840)

NOTE 49) OPERATIONS OTHER INCOME / EXPENSE

	01.01 12.31, 2017	01.01 12.31, 2016
Other Operating Income		
Reversal of Provisions	289.678	199.042
Other Income and Profits	933.121	881.702
TOTAL	1.222.799	1.080.744

	01.01 12.31, 2017	01.01 12.31, 2016
Other Operating Expense (-)		
Previous Years Losses (-)		(1.395)
Other Expense and Loss. (-)	(86.777)	(154.176)
TOTAL	(155.571)	(936)

TERA YATIRIM MENKUL DEĞERLER A.Ş.
FOR THE PERIOD ENDED DECEMBER 31, 2017

NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

NOTE 50) INVESTING ACTIVITIES INCOME / EXPENSES

	01.01	01.01
	12.31, 2017	12.31, 2016
Income from Investment Activities		
Income on Sale of Fixed Assets	26.620	21.589
Income on Sale of Subsidiaries	2.363.723	
TOTAL	2.390.343	21.589
	01.01	01.01
	12.31, 2017	12.31, 2016
Expenses from Investment Activities		
Loss on Sale of Fixed Assets	(204.266)	
Loss from sale of subsidiary		(108.978)
TOTAL	(204.266)	(108.978)

NOTE 51) FINANCIAL INCOME / EXPENSES

	01.01	01.01
	12.31, 2017	12.31, 2016
Finance Income		
Dividend Income	1.153	38.817
Interest Income	3.624.910	5.141.661
Foreign Exchange Gains	9.125.987	14.026.679
Impairment of Financial Assets	3.632.955	1.833.534
Deferred Financial Income	4.513	
TOTAL	16.389.518	21.040.691
	01.01	01.01
	12.31, 2017	12.31, 2016
Finnancial Expenses (-)		
Commission Expenses (-)	(182.486)	
Foreign Exchange Losses (-)	(8.557.622)	(11.164.372)
Impairment of Financial Assets (-)	(1.879.012)	(990.606)
BPP Interest Expense (-)	(3.691.301)	(396.799)
Deferred Financial Expence (-)	(87.017)	(4.513)
Short-Term Borrowing Costs (-)	(7.113.462)	(9.256.195)
TOTAL	(21.510.900)	(21.812.485)

NOTE 52) OTHER COMPREHENSIVE INCOME ANALYSIS OF ELEMENTS

	01.01	01.01
	12.31, 2017	12.31, 2016
Those that will not be reclassified in the case of P / L	(14.470)	(80.666)
Deferred Benefit Plans Re-measurement Gains/Losses	(18.088)	(100.833)
Deferred Tax Exp. / Rev.	3.618	20.167
Those That Will be Re-Classified as Profit or Loss		49.681
Foreign Currency Trans. Diff.		49.681

NOTE 53) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None. (12.31, 2016: None).

NOTE 54) INCOME TAX

The Company becomes subject to corporation tax at the rate that applies in Turkey. The required provisions have been set aside in the attached financial statements for the estimated tax liabilities of the result of the activities performed by the Company on the current period.

The rate of corporation tax that will accrue over the taxable corporate profit of the company, is calculated over the outstanding tax base after the adding of the expenses that are recorded as expense during the determination of the business profits and that could not be deducted from the tax base, and after the deduction of the dividends obtained from the companies resident in Turkey and the gains that do not become subject to tax.

The tax rate that is applied on 2017 is 20 % (2016: %20).

Temporary taxes in Turkey are calculated and accrued in quarterly periods. During the stage of taxation of the corporate profits as of the temporary tax periods, temporary tax was calculated as 20% over the corporate profits. (2016: %20).

The losses can be carried for a maximum period of 5 years in order to be offset against the corporate profits. However, the losses that have been formed cannot be offset against the profits that have been generated on the previous years.

A final and definitive reconciliation procedure regarding the appraisal of taxes does not exist in Turkey. The companies in Turkey draw up their tax returns between the dates April 1 – April 25 of the year that follows the date of the closing of accounts of the relevant year.

These tax returns and the accounting entries that form the basis of these tax returns may be examined and changed by the Tax Administration for a period of 5 years.

TERA YATIRIM MENKUL DEĞERLER A.Ş.
FOR THE PERIOD ENDED DECEMBER 31, 2017

NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

NOTE 54) INCOME TAX (Continued)

In addition to the corporation tax, if distributed, the resident companies and the non-resident companies that derive dividend income and that include such dividends in their corporate profits and that declare the said dividend income are also required to calculate income tax withholding over the dividends excluding the dividends distributed by the non-resident entities to their branches in Turkey. As of 24 April 2003, the rate of income tax withholding applied by all companies was announced as 10%. As of 23 July 2006, this rate was changed to 15%. The dividends that are not distributed and added to capital, are not subject to income tax withholding.

	12.31, 2017	12.31, 2016
Fixed Assets		
Deferred Tax Assets	49.699	56.711
TOTAL	49.699	56.711
	01.01	01.01
	12.31, 2017	12.31, 2016
Tax Income / Expense		
Current tax expense (-)	(88.868)	(135.865)
Deferred tax income / exp. (-)	(10.145)	28.087
TOTAL	(99.013)	(107.778)

The Company recognizes deferred tax assets and liabilities for the temporary timing differences emerging from the differences between its legal financial statements taken as basis in taxation and its financial statements drawn up according to the Turkish Financial Reporting Standards("TFRS").

The concerned differences generally emerge due to the fact that the totals of certain income and expense items taken as basis in taxation and those disclosed in the financial statements have been recorded in different periods, and the relevant explanations are provided below.

The timing differences emerge from the differences that occur due to the years of the recording of the income and expense items recorded for tax purposes. The timing differences are calculated over the decline in value of the deductible tangible non-current assets, deferred financial income-expense, provisions for doubtful receivables, provisions for severance pay, revisions in depreciation and amortization shares, and other similar totals.

TERA YATIRIM MENKUL DEĞERLER A.Ş.
 FOR THE PERIOD ENDED DECEMBER 31, 2017
 NOTES TO THE FINANCIAL STATEMENTS
 (Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)

NOTE 54) INCOME TAX (Continued)

Deferred tax Var. / (Liabilities) Basis	12.31, 2017	12.31, 2016
Provision for Employee Termination Benefits	405.769	590.475
Provision for Allowances	10.752	
Tangible Assets that are Recognized as Expense		2.427
Securities Valuation Differences	(13.154)	13
Adjustments Depreciation and Amortization	(241.890)	(309.358)
Deferred Financial Expenses	87.017	
Deferred tax Var. / (Liabilities) Base net	248.494	283.557
Provision for Employee Termination Benefits	81.154	118.095
Provision for Allowances	2.151	
Tangible Assets that are Recognized as Expense		485
Securities Valuation Differences	(2.631)	3
Adjustments Depreciation and Amortization	(48.378)	(61.872)
Deferred Financial Expenses	17.403	
Deferred Tax Asset / (Liability), (net)	49.699	56.711
Deferred Tax Asset / Liability at 1 January (-)	56.711	6.006
Deferred Tax Expense / (Profit)	(10.145)	28.087
Other Comprehensive Income Def. Tax Effect (Note 52)	3.618	22.618
Sale of Subsidiary	(485)	
Current Period Deferred Tax Assets / Liabilities	49.699	56.711

NOTE 55) FROM DISCONTINUED OPERATIONS PROFIT / LOSS

None. (12.31, 2016: None).

NOTE 56) EARNINGS PER SHARE

Earnings Per Share from Continuing Operations

	01.01 12.31, 2017	01.01 12.31, 2016
Number of shares	25.000.000	25.000.000
Net Profit (TL)	175.256	390.669
Earnings per share (TL)	0,0070	0,0156

Diluted Earnings Per Share from Continuing Operations

Number of shares	25.000.000	25.000.000
Net Profit (TL)	175.256	390.669
Earnings per share (TL)	0,0070	0,0156

NOTE 57) SHARE-BASED PAYMENTS

None. (12.31, 2016: None).

NOTE 58) INSURANCE CONTRACTS

None. (12.31, 2016: None).

NOTE 59) EFFECT OF EXCHANGE RATE CHANGES

None. (12.31, 2016: None).

NOTE 60) REPORTING IN HYPERINFLATIONARY ECONOMIES

None. (12.31, 2016: None).

**NOTE 61) FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
OBJECTIVES AND POLICIES**

Capital risk management

The Group manages its capital to ensure the continuity of its operations running, the balance of the debt and equity on the other hand aims to increase its profits by using the most efficient manner.

The Group's capital structure Note: 22, 23,25 'which includes the borrowings disclosed in payables, cash and cash equivalents Note 33 in issued share capital, reserves and equity including retained earnings.

The Group's overall strategy remains unchanged since 2013.

	12.31, 2017	12.31, 2016
Total Liabilities	79.379.283	101.023.507
Cash and cash equivalents (-)	(1.886.173)	(13.937.616)
Net Debt	77.493.110	87.085.891
Total Shareholders' Equity	32.452.683	32.248.429
Total Capital	109.945.793	119.334.320
Net Debt / Total Capital Ratio	% 70	% 73

**NOTE 61) FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
OBJECTIVES AND POLICIES (Continued)**

Interest Rate Risk

Interest rate risk, interest rate fluctuations Group's interest-sensitive assets, defined as impairment that can arise. Changes in interest rates lead to fluctuations in the market prices of financial instruments of the Group is exposed to interest rate risk. The risk is managed by the affected assets are usually short-term retention.

As of 12.31, 2017 position table of interest are listed below.

		12.31, 2017	12.31, 2016
Fixed rate financial instruments			
Financial assets	At fair value through profit / loss recognized. entity.	31.906.215	46.299.786
	Available-for-sale financial assets	38.499	357.921
Financial liabilities		30.271.775	66.086.715

December 31, 2017 Turkish Lira denominated interest rate by 10 basis points higher / lower and all other variables held constant, profit before tax and minority interests 7.386 TL (12.31, 2016: 11.856) lower / higher. Changes in the interest rate profit / loss directly affecting our students would not have the effect of resources.

Price Risk

The company becomes subject to price risks that occur as the result of the increases in sales prices due to the effects of the changes of the prices in the market. The company avoids the risks that occur on prices, through reducing the investment costs. Regarding the risks relating to the contracts that the Company has concluded with the other entities, the Company ensures the continuation of the validity of the said contracts through revising the said contracts signed with the concerned companies following the expiry of the duration of the contract, unless a special reason for termination is in question. Since the firms operating in the same field of activities of the Company are anticipating serious investment costs, and since there exists only a few corporations in this field besides the Company, the Company is able to offer the lowest price due to its previous investments.

Currency Risk

In cases when a company owns assets and liabilities in foreign currency and liabilities outside their balance sheets, the effects emerging from the movements in foreign exchange, are called foreign currency risks.

**TERA YATIRIM MENKUL DEĞERLER A.Ş.
FOR THE PERIOD ENDED DECEMBER 31, 2017**

**NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)**

**NOTE 61) FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
OBJECTIVES AND POLICIES (Continued)**

Credit Risk

The credit risks to which the Company is exposed as per the types of financial instruments are provided below:

12.31, 2017	Assets			
	Trade Receivables		Other Receivables	
	Related Party	Other Parties	Related Party	Other Parties
The maximum exposure to credit risk at the reporting date (A + B + C + D)	1.032.983	57.128.343	3.223.544	8.799.548
- Credit risk with collateral guaranteed part		102.705.908		
A. Financial assets that are neither past due nor impaired the carrying value of the net	1.032.983	54.724.200	3.223.544	8.799.548
B. Net book value of assets past due but not impaired		2.404.143		
C. Net book value of impaired assets				
- Past due (gross carrying amount)				
- Provision for impairment (-)				
- Net value collateralized or guaranteed part				
- Past due (gross carrying amount)				
- Provision for impairment (-)				
- Net value collateralized or guaranteed part				
D. Exposed to credit risk on off balance sheet				

12.31, 2016	Assets			
	Trade Receivables		Other Receivables	
	Related Party	Other Parties	Related Party	Other Parties
The maximum exposure to credit risk at the reporting date (A + B + C + D + E)	3	38.864.531	376.176	20.782.355
- Credit risk with collateral guaranteed part		78.895.859		
A. Financial assets that are neither past due nor impaired the carrying value of the net		35.734.149	376.176	20.782.355
B. Net book value of assets past due but not impaired	3	3.130.382		
- With collateral guaranteed part				
C. Net book value of impaired assets				
- Past due (gross carrying amount)				
- Provision for impairment (-)				
- Net value collateralized or guaranteed part				
- Past due (gross carrying amount)				
- Provision for impairment (-)				
- Net value collateralized or guaranteed part				
D. Exposed to credit risk on off balance sheet				

**TERA YATIRIM MENKUL DEĞERLER A.Ş.
FOR THE PERIOD ENDED DECEMBER 31, 2017**

**NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)**

**NOTE 61) FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
OBJECTIVES AND POLICIES (Continued)**

During the explanation of the credit risks as of the types of financial instruments, since credit risks do not exist for the financial instrument classes other than those classified as “Receivables”, the columns relating to the other financial instrument classes have been written off. During the determination of the total, the factors that ensure an increase in creditability such as the guarantees received, have been disregarded.

As of 31 December 2016, the company does not have any financial assets that have become overdue, but that have not become subject to decline in value. (As of 31 December 2015, there are no financial assets that have become overdue, but that have not become subject to decline in value.

12.31, 2017	Receivables		Deposit at Banks	Derivative Financial Instrument	Other
	Trade Receivables	Other Receivables			
1-30 days past	2.404.143				
1-3 months past					
3-12 months past					
1-5 years past					
More than 5 years past					
The part under guarantee with collateral received	2.404.143				

12.31, 2016	Receivables		Deposit at Banks	Derivative Financial Instrument	Other
	Trade Receivables	Other Receivables			
1-30 days past	3.130.385				
1-3 months past					
3-12 months past					
1-5 years past					
More than 5 years past					
The part under guarantee with collateral received	46.987.541				

Liquidity Risk

Liquidity risk means the Company’s inability to fulfill its net funding obligations. The occurrence of events that cause the reduction of the fund resources of the company such as the deteriorations that take place in the market, or the reduction of the credit point, cause the occurrence of liquidity risks. The company manages liquidity risk by distributing the fund resources and through keeping available adequate amounts of cash and similar resources for the purpose of the fulfillment of its existing and probable obligations.

**TERA YATIRIM MENKUL DEĞERLER A.Ş.
FOR THE PERIOD ENDED DECEMBER 31, 2017**

**NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Lira (TL) Unless otherwise stated.)**

**NOTE 61) FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
OBJECTIVES AND POLICIES (Continued)**

Liquidity Risk (Continued)

Liquidity risk as at 12.31, 2017 is located in the following table.

<i>Contractual Maturities</i>	Book Value	Total cash outflows of contract	Less than 3 months	3-12 Months	Between 1-5 years	More Than 5 Years
Non-derivative financial liabilities						
Financial Liabilities	66.086.715	66.086.715	66.086.715			
<i>Expected Maturity</i>	Book Value	Total cash outflows expected	Less than 3 months	3-12 Months	Between 1-5 years	More Than 5 Years
Non-derivative financial liabilities						
Trade Payables	8.603.541	8.603.541	8.603.541			
Other Payables	3.903.807	3.903.807	3.903.807			
Period Income Tax Liability	88.868	88.868	88.868			
Payables in the Scope of Employee Benefits	416.521	416.521		10.752	405.769	
Payables in the Scope of Tax	222.116	222.116	222.116			
Other Liabilities	57.715	57.715	57.715			

12.31, 2016 in the table below is as of the date of liquidity risk.

<i>Contractual Maturities</i>	Book Value	Total cash outflows of contract	Less than 3 months	3-12 Months	Between 1-5 years	More Than 5 Years
Non-derivative financial liabilities						
Financial Liabilities	82.163.055	82.163.055	82.155.227	78	7.750	
<i>Expected Maturity</i>	Book Value	Total cash outflows of contract	Less than 3 months	3-12 Months	Between 1-5 years	More Than 5 Years
Non-derivative financial liabilities						
Trade Payables	16.405.569	16.405.569	16.405.569			
Other Payables	1.315.434	1.315.434	1.315.434			
Payables in the Scope of Employee Benefits	590.475	590.475			590.475	
Current Provisions	61.171	61.171	61.171			
Payables in the Scope of Tax	325.801	325.801	325.801			
Other Liabilities	26.137	26.137	26.137			

NOTE 62) FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)

Financial Instruments

The Recording and the Write-Off of the Financial Instruments;

The Company reflects its financial assets or financial liabilities in the balance sheet only if it acts as a party to the contract of that specific financial instrument. The Company writes off that financial asset or a part of that financial asset in case it loses control over its rights emerging from the contract that involves the concerned asset. The Company writes off a financial liability only if its obligation emerging from the contract disappears, is cancelled or becomes subject to statute of limitation.

The Fair Value of the Financial Instruments;

The fair value refers to the amount that is taken as basis during the exchange of a financial instrument among the knowledgeable and willing parties, during a current transaction under conditions that will not be affected from any relation, and is determined in the best manner by taking as basis a market value that is formed.

The estimated fair value of the financial instruments have been determined by the Company by using the existing market data, and appropriate evaluation methods. However, during the estimation of a fair value and during the interpretation of the market data, appraisal is used. After all, the estimates that are presented here, may not reflect the values that the Company may acquire during a current market transaction. The methods and the assumptions presented below, have been used during the estimate of the fair values of financial instruments of which fair values could be determined.

Financial Assets;

It is generally accepted that the fair values of the balances in foreign currencies that have been translated in accordance with the period end rates of exchange, have approached their recorded values. It is assumed that since the fair values of the financial assets –including the cash, banks and bank deposits—that have been disclosed at cost values reflect their current values and since the losses emerging from receivables are negligible, such fair values approach the recorded value of the concerned assets.

The fair values of the investments concerning marketable securities, have been estimated by taking as basis their market values disclosed in the balance sheet. It is presumed that the provisions set aside for the entity based loans and receivables and the provisions for the relevant doubtful receivables reflect the fair values of their recorded values.

It is presumed that the recorded values of trade receivables and the provisions for the relevant doubtful receivables reflect the fair values.

NOTE 62) FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (Continued)

Financial Instruments (Continued)

Financial Liabilities;

Since the fair values of the monetary obligations are short term, it is presumed that they approach the registered values.

The trade payables have been disclosed at their fair values.

Fair Value Disclosures

Financial assets and liabilities at fair value due to their short term nature the carrying value is considered to be close to.

Classification of Fair Value Measurement

Level 1: Active markets for identical assets or liabilities in the recorded prices

Level 2: Other than quoted prices in Level 1 for the asset or liability, either directly or indirectly observable data,

Level 3: Asset or liability that are not based on observable market data in relation to the data.

	12.31, 2016		
Financial Assets	Level 1	Level 2	Level 3
Available-for-Sale Financial Assets			38.499
At fair value through profit / loss recognized. entity.	31.906.215		

	12.31, 2016		
Financial Assets	Level 1	Level 2	Level 3
Available-for-Sale Financial Assets			357.921
At fair value through profit / loss recognized. entity.	46.299.786		

NOTE 63) SUBSEQUENT EVENTS

a) The financial statements have been approved by the board of directors on 1 March 2018

**NOTE 64) OTHER SIGNIFICANT MATTERS EFFECTING TO OR MAKING
FINANCIAL STATEMENTS MORE CLEAR, INTERPRETABLE AND
UNDERSTANDABLE**

None. (12.31,2016 : None.)