MARMARA CAPİTAL PORTFÖY YÖNETİMİ A.Ş.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE PERIOD 01 JANUARY – 31 DECEMBER 2017

(Convenience Translation of Independent Auditor's Report Originally Issued in Turkish[1])

[1] In case of conflict of Turkish and English versions, the Turkish translation supersedes the English one.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Marmara Capital Portföy Yönetimi A.Ş.

A. Audit of Financial Statements

1. Opinion

We have audited the accompanying financial statements of Marmara Capital Portföy Yönetimi A.Ş. (the "Company") , which comprise the statement of financial position as of 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards ("TASs").

2. Basis for Opinion

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

3. Management's Responsibility for the Financial Statements

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

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

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

4. Other Matters

The financial statements of the Company which were prepared in accordance with the accounting principles and standards in force as of December 31, 2016 were subject to full-scope audit by another independent audit firm. In their independent auditor's report dated March 27, 2017, independent audit firm expressed qualified opinion on the financial statements prepared at December 31,2016.

5. Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of auditors in an audit are as follows:

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

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

We also:

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

B) Other Legal and Regulatory Requirements

1. Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2017, the Company's bookkeeping activities and financial statements are not in compliance with TCC and provisions of the internal regulation of the Company in relation to financial reporting.
2. Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

A-1 Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.

İbrahim Tutar, Sworn-in CPA

Responsible Partner Lead Auditor

İstanbul, 27 March 2018

MARMARA CAPİTAL PORTFÖY YÖNETİM A.Ş.
INDEPENDENTLY AUDITED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2017 AND 31 DECEMBER 2016
(All amounts presented in "TL" unless otherwise indicated)

		Current Period	Previous Period
	Notes	**31.12.2017**	31.12.2016
ASSETS			
CURRENT ASSETS		**2.493.871**	2.440.282
Cash and Cash Equivalents	3	1.505.738	1.573.808
Financial Investments	4	882.558	774.565
Trade Receivables	5	62.024	50.031
-Trade Receivables from Related Parties		*62.024*	*50.031*
Prepaid Expenses	12	-	896
-Prepaid Expenses to Related Parties			*896*
Other Current Assets	9	14.844	12.572
Current Period Tax Assets	19	28.707	28.410
NON-CURRENT ASSETS		**38.297**	35.136
Tangible Fixed Assets	7	24.661	28.472
Prepaid Expenses	12	13.279	6.307
- *Prepaid Expenses to Non-Related Parties*		*13.279*	*6.307*
Other Receivables	6	357	357
TOTAL ASSETS		**2.532.168**	2.475.418

LIABILITIES			
CURRENT LIABILITIES		**63.787**	56.612
Other Payables	6	5.542	6.497
-Other Payables to Non-Related parties		*5.542*	*6.497*
Short Term Provisions	10	44.055	37.411
-Short Term Provisions for Employee Benefits		*44.055*	*37.411*
Other Short-Term Liabilities	11	14.190	12.704
NON-CURRENT LIABILITIES		**13.817**	1.243
Long Term Provisions	10	13.817	241
-Long term Provisions for Employee Benefits		*13.817*	*241*
Deferred Tax Liability	19	-	1.002
EQUITY		**2.454.564**	2.417.563
Share Capital	13	2.500.000	2.500.000
Retained Earnings or Losses		(85.966)	(113.476)
Net Period Profit or Loss		40.530	31.039
TOPLAM KAYNAKLAR		**2.532.168**	2.475.418

Accompanying notes form an integral part of financial statements.

MARMARA CAPİTAL PORTFÖY YÖNETİM A.Ş.
INDEPENDENTLY AUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD
1 JANUARY – 31 DECEMBER 2017 AND 1 JANUARY-31 DECEMBER 2016
(All amounts presented in "TL" unless otherwise indicated)

	Notes	Current Period 1 Jan. - 31 Dec. 2017	Previous Period 1 Jan. - 31 Dec. 2016
PROFIT OR LOSS SECTION			
Revenue	14	**683.229**	432.083
GROSS PROFIT (LOSS)		**683.229**	432.083
General Administrative Expenses	15	(1.047.085)	(763.214)
Marketing Expenses	15	-	(9.508)
Other Income from Operating Activities	17	404.386	372.394
PROFIT (LOSS) FROM OPERATING ACTIVITES		**40.530**	31.755
Financial Income		-	-
Financial Expenses		-	-
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**40.530**	31.755
Tax (Expense) Income from Continuing Operations			(716)
Period Tax Income (Expense)		-	-
Deferred Tax Income (Expense)		-	(716)
PERIOD PROFIT (LOSS) FROM CONTINUING OPERATIONS		**40.530**	31.039
PERIOD PROFIT (LOSS)		**40.530**	31.039
OTHER COMPREHENSIVE INCOME (EXPENSE) SECTION		--	-
OTHER COMPREHENSIVE INCOME (EXPENSE)		-	-
TOTAL COMPREHENSIVE INCOME (EXPENSE)		**40.530**	31.039

Accompanying notes form an integral part of financial statements.

MARMARA CAPİTAL PORTFÖY YÖNETİM A.Ş.
INDEPENDENTLY AUDITED STATEMENT OF CHANGES IN EQUITY
AS OF 31 DECEMBER 2017 AND 31 DECEMBER 2016
(All amounts presented in "TL" unless otherwise indicated)

			Other Accumulated Comprehensive Income That will be Reclassified in Profit Or Loss		Retained Earnings		
	Notes	**Share Capital**	**Capital Advance**	**Retained Earnings/Losses**	**Accumulated Profits**	**Net Period Profit/Loss**	**Equity**
Balances as of 1 January 2016		**2.500.000**	**-**	**-**	-	(113.476)	2.386.524
Transfers		-	-	-	(113.476)	113.476	-
Capital		-	-	-	-	-	-
Total Comprehensive Income		-	-	-	-	31.039	31.039
Profits		-	-	-	-	-	-
Balances as of 31 December 2016	**17**	**2.500.000**	**-**	**-**	(113.476)	31.039	2.417.563
Balances as of 1 January 2017		2.500.000	-	-	**(113.476)**	**31.039**	**2.417.563**
Transfers		-	-	-	27.510	(31.039)	(3.529)
Capital		-	-	-	-	-	-
Total Comprehensive Income		-	-	-	-	40.530	40.530
Profits		-	-	-	-	-	-
Balances as of 31 December 2017	17	2.500.000	-	-	**(85.966)**	**40.530**	**2.454.564**

Accompanying notes form an integral part of financial statements

MARMARA CAPİTAL PORTFÖY YÖNETİM A.Ş.
INDEPENDENTLY AUDITED STATEMENT OF CASH FLOWS
FOR THE PERIOD 01 JAN.-31 DEC. 2017 AND 01 JAN.-31 DEC. 2016
(All amounts presented in "TL" unless otherwise indicated)

	Notes	**Current Period 01.01.- 31.12.2017**	**Previous Period 01.01.- 31.12.2016**
A. CASH FLOWS FROM OPERATING ACTIVITIES		**116.474**	**(119.090)**
Period Profit (Loss)		40.530	31.039
Adjustments Related with Reconciliation of Profit/(Loss) for the Period		**(304.742)**	**(367.119)**
Adjustments for Depreciation and Amortization		14.354	3.959
Adjustments for Interest (Income) Expense		(193.649)	(188.289)
Adjustments for Tax (Income) Expense		-	716
Adjustments for Provision		1.884	-
Adjustments for Fair Value Losses (Earnings)		(46.675)	(47.094)
Adjustments for Reconciliation of Profit (Loss)		(80.656)	(136.411)
Changes in Working Capital		**(36.582)**	**(16.028)**
(Increase) Decrease in Trade Receivables		(11.993)	(27.496)
(Increase) Decrease in Trade Payables		(955)	-
Increase (Decrease) in liabilities on Employee Bemnefits		6.643	14.329
(Increase) Decrease in Prepaid Expenses		(6.372)	(1.303)
(Increase) Decrease in Other Payables from Operations		1.487	2.576
(Increase) Decrease in Working Capital		(25.392)	(4.134)
Cash Flows from Operations		**(300.794)**	**(352.108)**
Tax Refund (Payment)		(11.704)	(8.217)
Buying Dividend		17.142	52.946
Interest Received		178.882	188.289
B. CASH FLOWS FROM INVESTING ACTIVITIES		**35.832**	**(88.444)**
Cash Entries Obtained from the Transfer of Shares of Other Enterprises or		154.368	384.544
Cash Outflows for the Shares of Other Enterprises or Funds or for the		(107.993)	(451.500)
Cash Outflows from The Purchase of Property Plant and Equipment and		(10.543)	(21.488)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			-
BEFORE THE EFFECT OF FOREIGN EXCHANGE RATES		**(80.642)**	**(207.534)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(80.642)	(207.534)
CASH AND CASH EQUIVALENTS AT THE PERIOD BEGINNING		**1.586.380**	**1.793.914**
CASH AND CASH EQUIVALENTS AT THE PERIOD END		**1.505.738**	**1.586.380**

Accompanying notes form an integral part of financial statements

NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY

Marmara Capital Portföy Yönetimi A.Ş. (Company), was established on 07.05.2015 by registration to the Istanbul Trade Registry with registration number 973743. The establishment objective of the company is operating in capital markets in compliance with the Capital Markets Law of Turkey and provisions of related legislation.

Primary operating activity of the company include; establishment and management of collective investment undertakings (CIU) and individual portfolio management activities within the scope of the Capital markets Board (CMB) of Turkey and provisions of related legislation. In this context; the company has the certificate of authority from the Capital Markets Board of Turkey with the number PYŞ/PY29/281 dated 26.06.2015.

As of the reporting date; the company is the founder and manager of Marmara Capital Portföy Hisse Senedi Fonu (Hisse Senedi Yoğun Fon) (Investment fund for equity securities).

As of Reporting date; the company has 4 employees (31.12.2016: 3 employees)

Registered office address of the Company;

Konaklar Mah. Akçam Cad. No:13 K:1 D:1 34330 4.Levent /Beşiktaş-İSTANBUL

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1. Basis of Presentation and Compliance Statement to Turkish Accounting Standards (TAS)

The accompanying financial statements have been prepared in accordance with provisions of "Communique of Financial Reporting Principles in Capital Markets (Serial: II-number:14.1)" published in official gazette numbered 28676 on the date of 13 June 2013 by the Capital Markets Board of Turkey According to the 5th article of the communique; Turkish Accounting Standards/ Turkish Financial Reporting Standards (TAS) promulgated by the Public Oversight Accounting and Auditing Standards Authority (POA) are considered as reporting base. TAS consists of the Turkish Accounting Standards, Turkish Financial Reporting Standards and related supplements and interpretations.

The Company has prepared is financial statements as of and for the period ended 31 December 2017 accordance with accounting policies applicable as of 31 December 2017.

Company, bookkeeping and preparing its legal financial statements according to accounting principles determined by the Turkish Commercial Code, Capital Markets Board of Turkey and Turkish Tax Legislation. Accompanying financial statements, prepared with necessary adjustment and reclassifications to comply with Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority (POA).

Financial statements prepared based on historical cost principle except for financial instruments and financial liabilities, which are measured with their fair value.

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

2.1. Basis of Presentation and Compliance Statement to Turkish Accounting Standards (TAS) (Continued)

As of the reporting date; preparation of financial statements requires to make estimates and assumptions about uncertainties affecting the amount of assets, liabilities, contingent assets and labilities, income and expenses for the related period. Those estimates are based on the management's best forecasts and information. For example, real results may differ from these estimations.

Functional Currency

Financial Statements as of 31 December 2017 are prepared in Turkish Lira (TL)

Adjusting Financial Statements in High Inflationary Periods

According to the decision of the Capital Market Board of Turkey with number 11/697 on the date of 17 March 2005; inflation accounting applications are terminated for the companies applying the accounting standards of Capital Markets Board (including the companies applying TAS/TFRS) after 1 January 2005. So, "Financial Reporting in high Inflationary Economies (TAS 29) published by Turkish Accounting Standards Authority was not applied.

Comparative Information and Adjusting Prior Period Financial Statements

Company's financial statements are presented comparatively with prior period to enable the determination of financial status and performance trends.

Going Concern

The company prepared its financial statements according to the going concerns principle.

Offsetting

All material items as substance of the transaction and amount, are presented separately in financial statements even they are similar. Immaterial items may be aggregated with other items if they are similar in their function or nature. If the substance of the transaction requires offsetting, presenting these transactions on their net amounts or deducting impairment provisions of assets from their costs are not disobeying the offsetting rule. Income received in the normal operating period of the company is presented on their net amounts if they are appropriate to the substance of the transaction.

2.2. Changes in Accounting Policies

None.

2.3. Changes in Accounting Estimates and Errors

Accounting policy changes taking place because of a new TAS/TFRS's first time use are applied in line with the transition rules if there is any, retrospective or prospectively. If transition rules are absent for such changes, intended significant changes regarding the

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

2.3. Changes in Accounting Estimates and Errors (Continued)

accounting policy or identified accounting mistakes are applied retrospectively and financial statements of prior period are revised accordingly.

2.4. New and revised International Financial Reporting Standards

Applying New and Revised International Financial Reporting Standards

Accounting policies used in preparing financial statements for the ending period as of 31 December 2017 are consistently applied with IAS, IFRS and IAS/IFRS interpretations.

IAS 12 Income Taxes

Amendments IAS 12 'Income Taxes', effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarifies certain other aspects of accounting for deferred tax assets.

IFRS 2 Share Based Payments

Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to tax authority.

IFRS 9 Financial Instruments

IFRS 9 ''Financial Instruments'', issued by the IASB in July 2014, will replace IAS 39 Financial Instruments: recognition and measurement, related to the classification and measurement of financial instruments. It sets out the new principles for the classification and measurement of financial instruments, for impairment for credit risk on financial assets and for general hedge accounting (i.e. micro hedging). IFRS 9 is mandatory for annual periods beginning on or after 1 January 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contacts with Customers, issued in May 2014, will supersede a number of standards and interpretations on revenue recognition (in particular IAS 18 Revenue and IAS 11 Construction Contracts). This standard does not apply to revenues from lease contracts, insurance contracts or financial instruments. It is based on a five-step model framework to determine the timing and amount of recognition of revenue from ordinary activities. IFRS 15 is mandatory for annual periods beginning on or after 1 January 2018.

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

2.4. New and revised International Financial Reporting Standards (Continued)

IFRS 15 Revenue from Contracts with Customers Amendment

Effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licenses of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition on the new revenue standard.

IFRS 16 Leases

IFRS 16 'Leases' supersedes IAS 17 'Leases' and is effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if FIRS 15, 'revenue from Contracts with Customers', is also applied at the same date. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets that can only be applied by lessees. Lessor accounting remains substantially unchanged.

IAS 40 Investment Property;

Amendment to IAS 40, 'Investment property' relating to transfers of investment property, effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

Those amendments have not any effect of financial position and performance of the company.

2.5. Summary of Significant Accounting Policies

Significant accounting policies in preparing financial statements are summarized below.

Recognition of Income and Expense-Fees and Commissions

Fees and commissions are recorded as income or expense at the time the transactions to which they relate are made.

Interest Income and Expenses

Interest income and expenses are recognized in the income statement in the period to which they relate on an accrual basis. Interest income includes income from time deposits computed by using the effective interest rate method.

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

Property, Plant and Equipment

Property, plant and equipment are presented with their net amount by deducting accumulated depreciation from historical cost.

Depreciation is calculated on the restated amounts of property and equipment using the straight-line method to write-off the restated cost of each asset to its residual value over its estimated useful life as follows.

	31.12.2017	**31.12.2016**
Furniture and Fixture	4-10 Years	4-10 Years

Where the carrying amount of an asset is greater that its estimated recoverable amount, it is written down immediately to its recoverable amount. Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount of that asset and the book value of the asset is increased to estimated recoverable amount and the impairment provision is reversed through the income statement.

Financial Instruments

Methods and assumptions used for measuring fair value of each financial instrument are explained below.

Cash and Cash Equivalents

Cash and cash equivalents are; cash, the original maturity from the date of demand deposits and purchase 3 months or less than 3 months, that are readily convertible to cash and cash value risk of changes in significant amounts with carrying highly liquid short-term investments.

Cash and demand deposits which their maturities less than 3 months were taken into consideration by the company for the preparation of the cash flow statement.

Financial Investments.

Financial assets are classified as; "Financial assets at fair value through profit or loss", "Held to maturity securities", "Available-for-sale financial assets", "Loans and Receivables". Management determines the appropriate classification of its investments at the time of the purchase.

<u>Financial Assets at Fair Value through Profit or Loss</u>

Financial assets at their fair value through profit or loss are the financial assets which are a part of the portfolio obtained for the purpose of making profit from the fluctuations in their price in the market in a short period independently from the obtaining reason of the financial instrument.

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

2.5. Summary of Significant Accounting Policies (Continued)

Available for sale financial assets are accounted with their fair value, and their fair value is evaluated for valuation of the available for sale financial instruments in the following periods. Profit or loss generated after valuation of the financial assets is recognized in profit or loss accounts.

Financial assets classified other than financial assets at their fair value through profit or loss, are accounted with their sum of market price and expenses directly related with purchasing. Purchase and sale of financial assets which are contractually conditioned for submission in a pre-determined span of time are accounted or reversed at the date of transaction.

Trade Receivables

Trading receivables that arise as a result of providing services to the receiver by the company are disclosed by offsetting unearned financing income. After the unearned financing income, trading receivables are calculated with the discounted amounts of receivables that are recorded with their original invoice value and realized in the following period with the effective interest method. Short-Term receivables that do not have any specified interest rate are disclosed with their cost values when there is no major effect of original effective interest rate.

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

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

Management fee receivables are accounted on an accrual basis and collections are conducted on a month basis.

Trade Payables

Trade payables are liabilities to third parties related with operations. Trade payables are initially recognized with their acquisition cost and in the following periods they are discounted by using the effective interest method. In the absence of an identified interest rate for current liabilities, they are presented with their historical cost value if th effect of the original effective interest rate is immaterial.

Other Receivables and Payables

Receivables and payables other than trade receivables and trade payables, are presented with their historical cost.

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

2.5. Summary of Significant Accounting Policies (Continued)

Liabilities on Employee Benefits

Amounts owed to employees in the context of benefits provided such as; salaries, wages and social security contributions. Those amounts are recognized as personnel expense in the period they accrued.

Taxes Calculated on Corporate Income

Current Tax – Corporate Tax/Advance Tax

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

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

Deferred Tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Earnings Per Share

Earning/Loss per share reported in statement of profit or loss is calculated by dividing net period profit or loss with the weighted average number of shares in the market.

Leases

Leasing transaction which significant part of the risk and return of ownership belong to lesse, the transaction is classified as operating leases. In this context, office and car leases of the company are classified as operating leases. The lessee company does not have all risk and benefits of ownership. Operating lease payments are expensed on a straight line basis for the duration of leasing contract.

Related Parties

If an entity or individual has joint control over another company or significant influence over financial and operational decisions of another company, those parties are qualified as related parties. Shareholders of the company, family members, shares of the relatives and managers, and the companies have partnership shares are qualified as related parties.

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

2.5. Summary of Significant Accounting Policies (Continued)

Subsequent Events

Subsequent events cover any events which arise between the reporting date and the balance sheet date, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed.

The Company adjusts its financial statements if such subsequent events require an adjustment to the financial statements. The company explains in its notes if such subsequent events do not require an adjustment to the financial statements.

Provisions, Contingent liabilities and Contingent Assets

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. When the amount of the obligation cannot be estimated, and an outflow of resources is not probable, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements.

Share Capital and Dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which they are declared.

Segment Reporting

As the Company's principal activities are providing portfolio management services and the Company operates in Turkey, the segment reporting has not been disclosed in financial statements as of 31 December 2017.

2.6. Significant Accounting Estimates and Assumptions

Preparation of financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and labilities as of reporting date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during financial period.

Although the estimations and assumptions are based on the best estimates of the management' existing incidents and operations, they may differ from the actual results. Significant accounting evaluations, estimates and assumptions which must be specified separately are explained in the related notes. Major assumptions used are about the impairment of assets, the useful life of property plant and equipment and provisions.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash flows for the period are presented in statement of cash flows by classifying as operating, investing and financing activities. Cash flows from operating activities are from the transactions resulting from the core business activities of the company. The company is using the indirect method for the preparation and presentation of statement of cash flows. When the indirect method is applied; period profit or loss is adjusted by non-cash transactions, accrued but not realized cash inflows/outflows related to past and future events or deferrals and the effect of income and expenses related to cash flows from investing and financing activities.

Cash flows from financing activities are resources and repayments of those resources the company uses in financing activities.

Cash and cash equivalents in statement of cash flows are bank deposits.

As of 31 December 2017, the detail of cash and cash equivalents at banks as following.

	31.12.2017	31.12.2016
Cash	-	-
Banks	1.505.738	1.573.808
-Time Deposit	*1.465.509*	*1.570.504*
-Demand Deposit	*40.229*	*3.304*
Total	**1.505.738**	1.573.808

				31.12.2017
	Book Value	Fair Value	Maturity	Interest Rate
Akbank	1.210.000	1.224.644	2.1.2018	% 14,25
Akbank	100.000	100.123	5.2.2018	% 15
Garanti Bankası	155.509	155.586	2.1.2018	% 6
Total Time Deposit	**1.465.509**	**1.480.353**		

				31.12.2016
	Book Value	Fair Value	Maturity	Interest Rate
Akbank	1.051.659	1.061.126	06.01.2017	% 10,60
Akbank	400.000	403.082	06.01.2017	% 11,25
Garanti Bankası	118.845	118.845	02.01.2017	% 6,75
Total Time Deposit	**1.570.504**	**1.583.053**		

As of 31 December 2017 accrued interest in time deposits, 14.844 TL (31.12.2016: 12.572 TL)

The company has no blocked account at banks.

NOTE 4 - FINANCIAL INVESTMENTS

As of 31 December 2017, financial assets at fair value through profit or loss quoted on the stock exchange as below

			31.12.2017
	Cost	**Increase/Decrease in Value**	**Total**
Securities	497.827	(11.891)	485.936
Mutual Funds	349.947	46.675	396.622
Total	**847.774**	**34.784**	**882.558**

As of 31 December 2016, financial assets at fair value through profit or loss quoted on the stock exchange as below

			31.12.2016
	Cost	**Increase/Decrease in Value**	**Total**
Securities	362.293	82.381	444.674
Mutual Funds	300.000	29.891	329.891
Total	**662.293**	**112.272**	**774.565**

NOTE 5 – TRADE RECEIVABLE AND PAYABLES

Trade Receivables

Short Term Trade Receivables	**31.12.2017**	**31.12.2016**
Trade Receivables from Related Parties	62.024	50.031
Trade Receivables from Non-Related Parties	-	-
Total	**62.024**	**50.031**

Long Term Trade Receivables

As of 31 December 2017, there are no long-term trade receivables. (31.12.2016: None)

Trade receivable from related parties is the management fee from Marmara Capital Portföy Hisse Senedi Fonu (Hisse Senedi Yoğun Fon) which is established and managed by the company. (31.12.2016: 50.031 TL)

Management fee income is accrued as fund management fee daily in the rate of %0,048 (four point eight per hundred thousand) of the total value of the fund (Including Banking and Insurance Transaction Tax). An accrued management fee is paid to the company in the first week following the end of the each month.

There are no overdue or impaired receivables as of 31.12.2017. (31.12.2016: None)

NOTE 6 – OTHER RECEIVABLE AND PAYABLES

Long Term Other Receivables	**31.12.2017**	**31.12.2016**
Deposits and guarantees given	357	357

Short Term Other Payables	**31.12.2017**	**31.12.2016**
Other Payables to Related Parties	-	-
Other Payables to Non-Related Parties	5.542	6.497
Total	**5.542**	**6.497**

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

Movement table for property plant and equipment and related accumulated depreciations for 2017years as following;

	01.01.2017	Additions	Disposals	**31.12.2017**
Furniture and Fixture	34.063	10.543	-	**44.606**
Total Cost	**34.063**	**10.543**	**-**	**44.606**

	01.01.2017	Additions	Disposals	**31.12.2017**
Furniture and Fixture	(5.591)	(14.354)	-	**(19.945)**
Total Accumulated Depreciation	**(5.591)**	**(14.354)**	**-**	**(19.945)**
Net Book Value	**28.472**	**(3.811)**	**-**	**24.661**

Movement table for property plant and equipment and related accumulated depreciations for 2016 year as following

	01.01.2016	Additions	Disposals	**31.12.2016**
Furniture and Fixture	12.575	21.488		**34.063**
Total Cost	**12.575**	**21.488**	**-**	**34.063**

	01.01.2016	Additions	Disposals	**31.12.2016**
Furniture and Fixture	(1.632)	(3,959)	-	**(5.591)**
Total Accumulated Depreciation	**(1.632)**	**(3,959)**	**-**	**(5.591)**
Net Book Value	**10.943**	**17.529**	**-**	**28.472**

NOTE 8 – INTANGIBLE ASSETS

None. (31.12.2016: None.)

NOTE 9 – OTHER CURRENT ASSETS

As of 31 December 2017 and 31 December 2016, the details of severance pay provision for termination indemnities are as following;

	31.12.2017	31.12.2016
Income Accruals	14.844	12.572
Total	**14.844**	**12.572**

NOTE 10 – EMPLOYEE BENEFITS

Provisions to Employee Benefits

As of 31 December 2017, and 31 December 2016, provisions for severance pay is as follows.

	31.12.2017	31.12.2016
Provisions for severance pay	13.817	241
Total	**13.817**	**241**

According to Turkish Labor Law; Company is obliged to make severance payment to employees who; completed one year and terminated contract or retired, completed 25 years (20 years for women) and deserved to be retired (Age limit for women; 58, For men: 60) or called up for military obligation or died.

Severance amount payable consist of one month salary for each service year and this amount is maximum 4.732,48 TL as of December 31, 2017. (31.12.2016: 4.297,21 TL).

The liability is not funded as there is no funding requirement. According to IAS 19, 'employee benefits that are supposed to be reflected in the companies' liabilities should be calculated using the Projected Unit Credit Method based upon the estimated inflation rates and factors that are derived using the company's track record of eligibility of employees for the benefit.

The provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of employees. TFRS requires actuarial valuation methods to be developed to estimate the provision for employment termination benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

Liabilities on Employee Benefits	31.12.2017	31.12.2016
Salaries Payable	-	15.915
Social Security Contributions Payable	4.801	2.200
Tax Charge, Withholding Payables	39.254	19.296
Total	**44.055**	**37.411**

NOTE 11 –OTHER ASSETS AND LIABILITIES

Other Liabilities	31.12.2017	31.12.2016
Taxes and funds payables	12.306	11.588
Custody Expense	1.884	1.116
Total	**14.190**	**12.704**

NOTE 12 – PREPAID EXPENSES

	31.12.2017	31.12.2016
Prepaid Expenses to Related Parties	-	896
Prepaid Expenses to Non-Related Parties	13.279	6.307
Total	**13.279**	**7.203**

Prepaid expenses for the following months consist of software expense paid in advance, insurance expense, support expense and Central Registry Agency (MKK) expense.

NOTE 13 – SHARE CAPİTAL

Share Capital is fully paid, 2.500.000 TL.

Share capital divided into 2.500.000 shares and per share value is 1 TL. The upper limit of registered capital of the company is 5.000.000 TL.

Partnership structure of the company as of reporting date

	31.12.2017		31.12.2016	
	Share (TL)	Share (%)	Share (TL)	Share (%)
Haydar Acun	1.775.000	71,00	1.775.000	71,00
H.Lunden Holding AkiIebolag	475.000	19,00	475.000	19,00
White Red IVS	250.000	10,00	250.000	10,00
Total	**2.500.000**	**100,00**	**2.500.000**	**100,00**

Distribution of Dividend

Public companies distribute dividend according to "Communique of Dividend Distribution" numbered II-19.1 issued by the Capital markets Board of Turkey in 1 February 2014. Dividend distribution rate for the corporations which their shares are not traded in stock exchange cannot be less than 20 % of net distributable period profit and added donations which are defined by provisions of the communique.

Corporations distribute dividend within the framework of dividend distribution policies determined by the general assembly and, the decision of general assembly must be compatible with the provisions of the related legislation. At least following subjects must be included in dividend distribution policies of corporations;

NOTE 13 – SHARE CAPİTAL(Continued)

a. Whether dividend will be distributed or not, if it will, dividend distribution percentage for shareholders and other beneficiaries.
b. Payment method of dividend.
c. When to pay dividend under the condition that starting the process of dividend distribution at the end of the period when general assembly meeting made.
d. Whether advance dividend will be distributed or not, if it will, regarding principles. In corporations, dividend is distributed to all shares equally in respect tos hare percentage as of the distribution date without considering issuance and acquisition date of shares expect for dividend privileges.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or the distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

The Turkish Commercial Code (''TCC'') stipulates that the general legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company's paid-in share capital.

Other legal reserve is appropriated out of 10% of the distributable income after 5% dividend is paid to shareholders. Under the TCC, general legal reserves can only be used for compensating losses, continuing operations in severe conditions or preventing unemployment and taking actions for relieving its effects in case general legal reserves does not exceed half paid-in capital or issued capital.

Amounts exceeding the corporations' total of retained earnings and losses, legal contingent reserves including premiums on shares, adjustments of equity elements according to inflationary accounting; are considered deductible amounts in the calculation of net distributable profit.

NOTE 14 – SERVICE REVENUE

	01.01- 31.12.2017	**01.01- 31.12.2017**
Portfolio Management Commission	683.229	432.083
Total	**683.229**	**432.083**

NOTE 15 – GENERAL ADMINISTRATIVE EXPENSE, MARKETING SALES DISTRIBUTION EXPENSE, RESEARCH AND DEVELOPMENT EXPENSES

	01.01-31.12.2017	01.01-31.12.2016
General Administrative Expense	(1.047.085)	(763.214)
Marketing Expense	-	(9.508)
Total	**(1.047.085)**	**(772.722)**

NOT 16 – NATURE OF EXPENSES

	01.01-31.12.2017	**01.01-31.12.2016**
Salary Expenses	(430.919)	(260.446)
Travel and Transportation Expenses	(118.666)	(64.707)
Audit and Advisory Expenses	(50.017)	(64.942)
Rent Expenses	(71.875)	(64.375)
Commission and Custody Expenses	(62.318)	(59.630)
Vehicle Expenses	(69.987)	(58.873)
License Charge of Capital Markets Board	(54.826)	(51.001)
Representation Expenses	(45.804)	(33.390)
IT Expenses	(41.279)	(38.053)
Stationery and Office Expenses	(9.659)	(18.841)
Marketing Expense	-	(9.508)
Membership fee of the Capital Markets Union	(15.832)	(13.423)
Communication Expenses	(22.642)	(7.539)
Tax, Duty and Charge Expenses	(2.683)	(4.000)
Depreciation Expenses	(9.582)	(3.959)
Membership Fee of the Central Registry Agency	(2.787)	(2.464)
Severance pay		(241)
Other Expenses	(38.208)	(17.330)
Total	**(1.047.085)**	**(772.722)**

NOTE 17 - OPERATING INCOME/EXPENSES

Other Income from Operations	**01.01-31.12.2017**	01.01-31.12.2016
Domestic Sales	154.368	83.464
Interest Income	193.649	188.289
Dividend Income	17.142	52.947
Valuation Increases/(Decreases)	34.784	47.095
Other Income	4.443	599
Total	**404.386**	372.394

NOTE 18 – FINANCIAL INCOME AND EXPENSES

None. (31.12.2016: None).

NOTE 19 – INCOME TAX (Including Deferred Tax Assets and Liabilities)

Withholding of Corporate Tax and Income Tax

The corporate tax rate is 20% for 2017. This rate is applied to the taxable base which is found by adding non-deductible expenses, deducting discounts and exceptions to the trading profit of corporations.

Current tax assets and liabilities are shown below.

Current tax assets and liabilities are shown below

	31.12.2017	**31.12.2016**
Prepaid Taxes	28.707	28.410
Period Tax Expense (-)	-	-
Total	**28.707**	**28.410**

Tax income/(expense) in statement of profit or loss as follows;

	01.01.-31.12.2017	**01.01.-31.12.2016**
Deferred Tax (Expense) / Income	-	(1.002)
Total	**-**	**(1.002)**

Deferred tax assets and liabilities are calculated using the 20% tax rate from temporary differences which will be realized in following periods shown below.

	31.12.2017		**31.12.2016**	
	Cumulative temporary differences	**Deffered tax assets / liabilities**	**Cumulative temporary differences**	**Deffered tax assets / liabilities**
Deferred Tax Assets	**-**	**-**	**-**	**-**
Differences in depreciation expense of property, plant and equipment and intangible assets	-	-	(4.772)	(954)
Severance pay differences		-	(241)	(48)
Deferred Tax Liabilities		**-**		**(1.002)**
Deferred Tax Liabilities, Net		**-**		**(1.002)**

NOTE 19 – INCOME TAX (Including Deferred Tax Assets and Liabilities)(Continued)

	01.01-31.12.2017	01.01-31.12.2016
Balance at 1 January: Asset/ (Liabilitiy)	-	(286)
Deferred Tax Income/(Expense) in statement of profit or loss	-	(716)
Income, Net	-	-
Balance at 31 December: asset/ (Liability)	-	**(1.002)**

NOTE 20 – EARNING/LOSS PER SHARE

Per share loss in the statement of profit or loss and other comprehensive income, is calculated by dividing net period loss by the weighted average number of ordinary and preferred shares in the market through the period.

	01.01-31.12.2017	01.01-31.12.2016
Period beginning	2.500.000	2.500.000
Period ending	2.500.000	2.500.000
Weighted average number of shares	2.500.000	2.500.000
Net Period Loss	40.530	31.039
Earning/Loss per share	**0,016**	**0,012**

NOTE 21 – RELATED PARTY DISCLOSURES

Trade Receivables From Related Parties

	31.12.2017	31.12.2016
Portfolio Management Fee	57.681	50.031

Management fee collected from Marmara Capital Portföy Stock Fund (Hisse Senedi Yoğun Fon).

Other Current Payables to Related Parties

Related Party	Explanation	31.12.2017	31.12.2016
Shareholder, General Manager	Payment	-	10.624
Total		**-**	**10.624**

The company has paid total TL 270.350 to the members of the board of directors and / or senior executives for the year 2017. (TL 203.100 is the fee and TL 67.250 is the rental payment) (31.12.2016 178.188 TL)

Transaction with Related Parties in the Current Period

Related Parties	Explanation	31.12.2017	31.12.2016
Shareholder, General Manager	Office-Vehicle Rent Expense	(92.725)	(82.338)
Related Person	Office Rent Expense	(35.938)	(32.188)
Total		**(128.663)**	**(114.526)**

NOTE 22– NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

As a result of portfolio management and investment advisory activities, the company is exposed to financial risks in interest rates, capital markets, and etc. Company management is primarily responsible for managing financial risks. Risks the company is exposed to and the methods used by the company to manage those risks are as below

Liquidity Risk

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

Non-derivative financial liabilities according to their remaining term of the contract period are as following.

Current Period (31 December 2017)

	Book Value	Total cash outflow according to agreement	Up to 1 Month
Payables to employees	-	-	-
Other payables to related parties	-	-	-
Other payables to non-related parties	49.597	49.597	49.597
Other liabilities	14.190	14.190	14.190
Total	**63.787**	**63.787**	**63.787**

Previous Period (31 December 2016)

	Book Value	Total cash outflow according to agreement	Up to 1 Month
Payables to employees	26.787	26.787	26.787
Other payables to related parties	10.624	10.624	10.624
Other payables to non-related parties	18.085	18.085	18.085
Other liabilities	1.116	1.116	1.116
Total	**56.612**	**56.612**	**56.612**

NOTE 22– NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Market Risk

Credit Risk-Counter Party Risk

Credit risk is the parties that are involved in trade relations with regarding to a financial instrument fails to fulfill its obligations as a result of which is the risk that the other part to incur a financial loss. This risk is managed by rating of risks or restriction on the financial instruments invested to the specific party.

Credit risk amounts of liquid assets and receivables as below.

NOTE 22– NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Credit Risk Disclosures

As of 31.12.2017, credit risk amounts of liquid assets and receivables as below

	Receivables						
	Trade Receivables		**Other Receivables**				
31.12.2017	Related Party	Other Party	Related Party	Other Party	Deposit at Banks	Financial Assets That Fair Value Differences Reflecting To Profit Or Loss	Other
Maximum exposure to credit risk at the reporting date	-	-	62.024	-	1.505.738	-	-
- Max. risk etc. The part is guaranteed to not overdue or impaired financial	-	-	-	-	-	-	-
A. Net book value of financial assets not overdue or impaired	-	-	62.024	-	1.505.738	-	-
B. Book value of financial assets that conditions were renegotiated, otherwise will be assumed overdue or impaired	-	-	-	-	-	-	-
C.Net book value of overdue financial assets but not impaired	-	-	-	-	-	-	-
-Guaranteed part with warranty, etc.	-	-	-	-	-	-	-
D. Net book value of impaired financial assets	-	-	-	-	-	-	-
-Overdue (Goss Book Value)	-	-	-	-	-	-	-
-İmpairment (-)	-	-	-	-	-	-	-
E. Factors out of balance sheet including credit risk	-	-	-	-	-	-	-

NOTE 22– NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Credit Risk Disclosures

As of 31 December 2016, credit risk amounts of liquid assets and receivables as below

	Receivables						
	Trade Receivables		**Other Receivables**				
31.12.2016	Related Party	Other Party	Related Party	Other Party	Deposit at Banks	Financial Assets That Fair Value Differences Reflecting To Profit Or Loss	Other
Maximum exposure to credit risk at the reporting date	-	-	50.031	-	1.573.808	-	-
- Max. risk etc. The part is guaranteed to not overdue or impaired financial	-	-	-	-	-	-	-
A. Net book value of financial assets not overdue or impaired	-	-	50.031	-	1.573.808	-	-
B. Book value of financial assets that conditions were renegotiated, otherwise will be assumed overdue or impaired	-	-	-	-	-	-	-
C.Net book value of overdue financial assets but not impaired	-	-	-	-	-	-	-
-Guaranteed part with warranty, etc.	-	-	-	-	-	-	-
D. Net book value of impaired financial assets	-	-	-	-	-	-	-
-Overdue (Goss Book Value)	-	-	-	-	-	-	-
-İmpairment (-)	-	-	-	-	-	-	-
E. Factors out of balance sheet including credit risk	-	-	-	-	-	-	-

NOTE 22– NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Currency Exchange Risk

Foreign currency risk is the risk arising from the change in value of any financial instrument depending on the fluctuations in currency Exchange rate.

Transactions Of the company are generally in TL, so the company is not exposed to risk of currency exchange rate.

Price Risk of Securities

Price risk of security is the risk of decrease in price of securities resulting from change in level of security index and the value of securities

Securities measured with market value and traded on the Istanbul Stock Exchange (BIST) are presented as financial assets in accompanying financial statements, the effect of change in fair value as a result of possible fluctuations in indexes as following:

		31.12.2017	31.12.2016
	Change in Index	Statement of Profit or Loss	Statement of Profit or Loss
BIST 100	10,00%	48.594	44.467

Capital Risk Management

The company is identifying and managing its capital in consistence with "Communique on principles related with portfolio management companies and operations of those companies (Serial:II-Number:55.1)" and "Communique on principles related with capital of intermediary companies and capital adequacy of those companies 8Serial:V-Number:34" of capital markets board of Turkey

According to 8th article of communique numbered V-34, capital adequacy base of portfolio management companies cannot be less than, risk provisions and operating expenses generated in last 3 months before the valuation date.

The company is meeting capital adequacy requirements as of 31 December 2017.

Fair Value of Financial Instruments

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

NOTE 22– NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Financial Assets

The fair values of certain financial assets carried at cost, are considered their approximate respective carrying values.

Financial Liabilities

Monetary liabilities and trade payables are short term liabilities. So, the fair value of monetary liabilities and trade payables are considered approximately to their respective carrying values.

Hierarchy Table of Fair Value Measurement

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

				31.12.2017
Financial Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Securities traded in stock exchange	485.936	-	-	485.936
Security intensive fund	396.622	-	-	396.622
				31.12.2016
Financial Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Securities traded in stock exchange	444.674	-	-	444.674
Security intensive fund	329.891	-	-	329.891

NOTE 23- OTHER ISSUES MATERIALLY AFFECTING THE FINANCIAL STATEMENTS OR REQUIRING DISCLOSURE FOR A PROPER INTERPRETATION AND UNDERSTANDING OF THE FINANCIAL STATEMENTS

None.

NOTE 24 – SUBSEQUENT EVENTS

<u>Publish of Financial Statements:</u>

Accompanying financial statements were approved and authorized by the board of directors of the company to be published on the date of 27 March 2018.