

AK FAKTORİNG ANONİM ŐİRKETİ
FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
JANUARY 01- JUNE 30, 2018 TOGETHER WITH
AUDITOR'S REVIEW REPORT

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INDEPENDENT AUDIT REPORT

Ak Faktoring Anonim Şirketi
The Board of Directors:

Report on financial statements

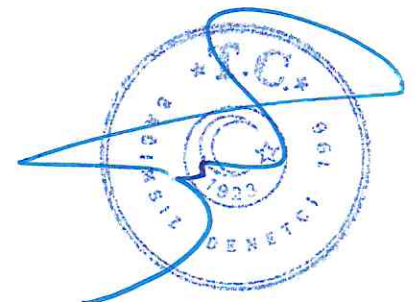
We have performed limited review for the accompanying financial statements of **Ak Faktoring Anonim Şirketi** ("the Company"), which comprise the related statement of financial position as of June 30, 2018, includes the statements of profit or loss for the six-month period ended on the same date, the statement of income and expense items accounted for under equity, the statement of cash flows, the statement of changes in equity, and a summary of significant accounting policies and other explanatory notes.

Responsibility in Relation to Financial Statements

The Company management has adopted the "Regulation on Accounting Applications and Financial Tables of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette No. 28861 dated December 24, 2013 and the financial statements of financial leasing, factoring and financing companies by the Banking Regulation and Supervision Agency and other published regulations regarding the registration system and the regulations and circulars of the Banking Regulation and Supervision Agency (together with "BRSA Accounting and Reporting Legislation") and BRSA Accounting and Reporting Legislation and Turkish Accounting Standards 34 "Interim Financial Reporting Standard" and is responsible for its presentation in a fair manner. Our responsibility is to report a conclusion on the said interim financial information, based on the limited audit we have made.

The Scope of Limited Review

The limited review which we performed, has been conducted in compliance with the limited review audit by the auditor who conducting the independent audit of the "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) 2410 "Interim Financial Information and Annual Financial Statements of the Company. The partial audit regarding to interim financial information consists of the questioning of the parties concerned, primarily those responsible for financial and accounting matters, and the application of analytical procedures and other partial audit procedures. Scope of partial audit of interim financial information; is significantly narrow in comparison with the scope of independent audit which is to present an opinion on the intent and the intended financial statements in accordance with the Independent Auditing Standards. As a result, partial audit of interim financial information does not provide assurance that the audit firm may be exposed to all significant aspects that may be identified in an independent audit. For this reason, we do not express an independent audit opinion.



Conclusion

In conclusion, the accompanying financial statements present fairly, in all material respects, the financial position of the **Ak Faktoring Anonim Şirketi (Company)** as at June 30, 2018 and the results of its operations for the period then ended in accordance with explanations and notes issued by the Banking Regulation and Supervision Agency in accordance with the regulations, communiqués, circulars and explanations published in relation to the reporting principles.

Reports arising from other regulatory requirements

- 1) In accordance with the fourth paragraph of Article 402 of the Turkish Commercial Code, no significant issue has arisen regarding whether the bookkeeping schedule of the Company for the period of 01 January - 30 June 2018 does not conform to the provisions of the TCC and the financial statements of the Company's articles of incorporation.
- 2) In accordance with the fourth paragraph of Article 402 of the Turkish Commercial Code, the Board of Directors has made the required explanations within the scope of the limited review and issued the requested documents.

August 08, 2018

HSY Danışmanlık ve Bağımsız Denetim A.Ş.

Member, Crowe Global

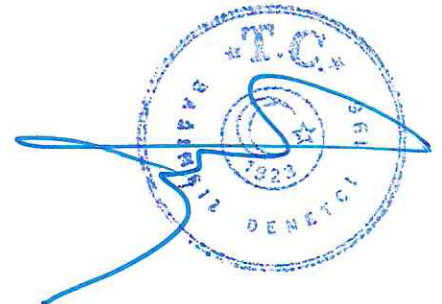
A circular stamp with a star and crescent in the center, surrounded by text in Turkish. The text includes 'T.C.' at the top, 'MÜHÜR' on the left, '1923' at the bottom, and 'MİLLÎ DENETİM BAKANLIĞI' on the right. A blue ink signature is written over the stamp.

Özkan Cengiz
Partner, CPA

Istanbul, Turkey

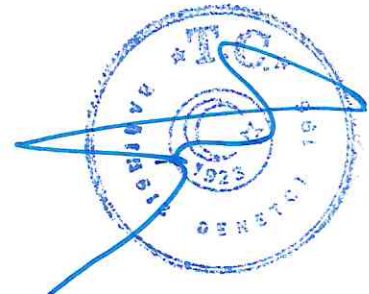
AK FAKTORİNG ANONİM ŞİRKETİ
STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2018 AND DECEMBER 31, 2017

ASSETS	Notes	TURKISH LIRA (TRL)					
		Reviewed Current Period			Audited Prior Period		
		June 30, 2018			December 31, 2017		
		TRL	FC	Total	TRL	FC	Total
I. CASH AND CASH EQUIVALENTS AND THE CENTRAL BANK	6	2.099	--	2.099	5.532	--	5.532
II. FAIR VALUE DIFFERENCE REFLECTED TO PROFIT/LOSS (Net)	7	--	--	--	--	--	--
2.1 Financial Assets held for trading		--	--	--	--	--	--
2.2 Fair Value Difference FV Categorized as Profit/Loss Statement		--	--	--	--	--	--
2.3 Derivative Marketable Securities in the Trade Book		--	--	--	--	--	--
III. BANKS	8	156.228	--	156.228	576.526	33.100	609.626
IV. RECEIVABLES FROM REVERSE REPURCHASE AGREEMENTS	9	--	--	--	--	--	--
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	10	1.160.000	--	1.160.000	960.000	--	960.000
VI. FACTORING RECEIVABLES (Net)	11	403.864.644	--	403.864.644	414.595.122	--	414.595.122
6.1 Factoring Receivables at reduced rate		313.243.659	--	313.243.659	317.375.216	--	317.375.216
6.1.1 Domestic		330.345.696	--	330.345.696	336.611.326	--	336.611.326
6.1.2 Overseas		--	--	--	--	--	--
6.1.3 Unearned Income (-)		(17.102.037)	--	(17.102.037)	(19.236.110)	--	(19.236.110)
6.2 Other Factoring Receivables (Net)		90.620.985	--	90.620.985	97.219.906	--	97.219.906
6.2.1 Domestic		90.620.985	--	90.620.985	97.219.906	--	97.219.906
6.2.2 Overseas		--	--	--	--	--	--
VII. FINANCIAL CREDITS	12	--	--	--	--	--	--
7.1 Consumer Loans		--	--	--	--	--	--
7.2 Credit Cards		--	--	--	--	--	--
7.3 Instalment Commercial Credits		--	--	--	--	--	--
VIII. LEASING RECEIVABLES	13	--	--	--	--	--	--
8.1 Leasing Receivables		--	--	--	--	--	--
8.1.1 Financial Leasing Receivables		--	--	--	--	--	--
8.1.2 Receivables from Operating Leasing		--	--	--	--	--	--
8.1.3 Unearned Revenue (-)		--	--	--	--	--	--
8.2 Investments Leased		--	--	--	--	--	--
8.3 Advances Given for Lease		--	--	--	--	--	--
IX. OTHER RECEIVABLES	14	2.300.432	--	2.300.432	2.076.432	--	2.076.432
X. NON-PERFORMING RECEIVABLES	15	9.705.382	--	9.705.382	12.678.008	--	12.678.008
10.1 Non-Performing Factoring Receivables		32.451.443	--	32.451.443	32.919.922	--	32.919.922
10.2 Non-Performing Financial Credits		--	--	--	--	--	--
10.3 Non-Performing Leasing Receivables		--	--	--	--	--	--
10.4 Special Provision (-)		(22.746.061)	--	(22.746.061)	(20.241.914)	--	(20.241.914)
XI. DERIVATIVE FINANCIAL ASSETS FOR HELD FOR CASH FLOW HEDGES	16	--	--	--	--	--	--
11.1 Fair Value Hedge Risk		--	--	--	--	--	--
11.2 Cash Flow Hedge Risk		--	--	--	--	--	--
11.3 Foreign Operations Net Investment Risk Hedge		--	--	--	--	--	--
XII. INVESTMENT HELD UNTIL MATURITY (Net)	17	--	--	--	--	--	--
XIII. SUBSIDIARIES (Net)	18	--	--	--	--	--	--
XIV. AFFILIATES (Net)	19	--	--	--	--	--	--
XV. JOINT VENTURES (Net)	20	--	--	--	--	--	--
XVI. TANGIBLE ASSETS (Net)	21	322.660	--	322.660	361.622	--	361.622
XVII. INTANGIBLE ASSETS (Net)	22	568.099	--	568.099	472.547	--	472.547
17.1 Goodwill		--	--	--	--	--	--
17.2 Other		568.099	--	568.099	472.547	--	472.547
XVIII. PREPAID EXPENSES	23	8.754.962	--	8.754.962	7.803.401	--	7.803.401
IX. CURRENT TAX ASSETS	24.a	--	--	--	--	--	--
XX. DEFERRED TAX ASSETS	24.b	431.154	--	431.154	355.947	--	355.947
XXI. OTHER ASSETS	25	--	--	--	--	--	--
SUBTOTAL		427.265.660	--	427.265.660	439.885.137	33.100	439.918.237
XVII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	26	649.299	--	649.299	--	--	--
18.1 Sale Purpose		649.299	--	649.299	--	--	--
18.2 Discontinued Operations Related		--	--	--	--	--	--
TOTAL ASSETS		427.914.959	--	427.914.959	439.885.137	33.100	439.918.237



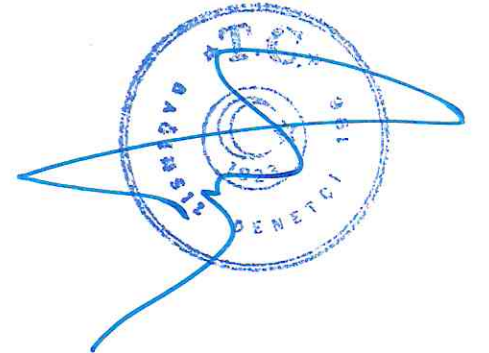
AK FAKTORİNG ANONİM ŞİRKETİ
STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2018 AND DECEMBER 31, 2017

LIABILITIES	Notes	TURKISH LIRA (TRL)					
		Reviewed Current Period			Audited Prior Period		
		June 30, 2018			December 31, 2017		
		TRL	FC	Total	TRL	FC	Total
I. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	7	--	--	--	--	--	--
II. CREDITS RECEIVED	27	345.164.630	17.966.566	363.131.196	365.317.226	6.657.879	371.975.105
III. FACTORING PAYABLES	11	563.997	--	563.997	975.080	--	975.080
IV. LEASING PAYABLES	13	--	--	--	--	--	--
4.1 Financial Leasing Payables		--	--	--	--	--	--
4.2 Operating Lease Payables		--	--	--	--	--	--
4.3 Other		--	--	--	--	--	--
4.4 Deferred Financial Leasing Expenses (-)		--	--	--	--	--	--
V. SECURITIES ISSUED (Net)	28	--	--	--	--	--	--
5.1 Bonds		--	--	--	--	--	--
5.2 Assets Backed Securities		--	--	--	--	--	--
5.3 Securities		--	--	--	--	--	--
VI. OTHER PAYABLES	14	82.120	--	82.120	514.967	--	514.967
VII. OTHER LIABILITIES	29	--	--	--	--	--	--
7.1 Deposit		--	--	--	--	--	--
7.2 Other Liabilities		--	--	--	--	--	--
VIII. DERIVATIVE FINANCIAL LIABILITIES HELD FOR CASH FLOW HEDGES	16	--	--	--	--	--	--
8.1 Fair Value Hedge Risk		--	--	--	--	--	--
8.2 Cash Flow Hedge Risk		--	--	--	--	--	--
8.3 Foreign Operations Net Investment Risk Hedge		--	--	--	--	--	--
IX. TAXES AND LIABILITIES PAYABLE	24.d	753.755	--	753.755	887.974	--	887.974
X. PROVISIONS FOR LIABILITIES AND EXPENSES	30	592.159	--	592.159	537.985	--	537.985
10.1 Restricting Provision		--	--	--	--	--	--
10.2 Provision for Employee Benefits		469.757	--	469.757	415.585	--	415.585
10.3 Other Provisions		122.402	--	122.402	122.400	--	122.400
XI. DEFERRED INCOME	23	262.517	--	262.517	771.038	--	771.038
XII. CURRENT PERIOD TAX LIABILITIES	24.a	920.375	--	920.375	1.301.962	--	1.301.962
XIII. DEFERRED TAX LIABILITIES	24.b	--	--	--	--	--	--
XIV. SUBORDINATED LOANS	31	--	--	--	--	--	--
XV. SUBTOTAL		348.339.553	17.966.566	366.306.119	370.306.232	6.657.879	376.964.111
XVI. LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	26	--	--	--	--	--	--
15.1 Sale Purpose		--	--	--	--	--	--
15.2 Discontinued Operations Related		--	--	--	--	--	--
XVII. SHAREHOLDERS EQUITY	32	61.608.840	--	61.608.840	62.954.126	--	62.954.126
Shareholders' Equity of the Parent Company		61.608.840	--	61.608.840	62.954.126	--	62.954.126
16.1 Paid-in Capital	32.1	25.500.000	--	25.500.000	25.500.000	--	25.500.000
16.2 Capital Reserves	32.2	--	--	--	--	--	--
16.2.1 Share Premium		--	--	--	--	--	--
16.2.2 Profits on Share Cancellation		--	--	--	--	--	--
16.2.3 Other Capital Reserves		--	--	--	--	--	--
16.3 Other Accumulated Comprehensive Income or Expenses Non-Reclassifiable to Profit or Loss	32.3.a	--	--	--	--	--	--
16.4 Other Accumulated Comprehensive Income or Expenses Reclassifiable to Profit or Loss	32.3.b	(134.688)	--	(134.688)	(52.371)	--	(52.371)
16.5 Profit Reserves	32.4	30.006.498	--	30.006.498	26.176.338	--	26.176.338
16.5.1 Legal Reserves		5.366.257	--	5.366.257	4.188.387	--	4.188.387
16.5.2 Statutory Reserves		--	--	--	--	--	--
16.5.3 Extraordinary Reserves		24.640.241	--	24.640.241	21.987.951	--	21.987.951
16.5.4 Other Profit Reserves		--	--	--	--	--	--
16.6 Profit or Loss		6.237.031	--	6.237.031	11.330.160	--	11.330.160
16.6.1 Retained Profit or Loss	32.5	--	--	--	--	--	--
16.6.2 Net Retained Profit or Loss for the Period		6.237.031	--	6.237.031	11.330.160	--	11.330.160
Shares Other Than Parent Company	32.6	--	--	--	--	--	--
TOTAL LIABILITIES		409.948.393	17.966.566	427.914.959	433.260.358	6.657.879	439.918.237



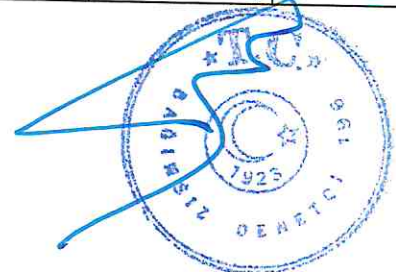
AK FAKTORİNG ANONİM ŞİRKETİ
STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF JUNE 30, 2018 AND DECEMBER 31, 2017

OFF-BALANCE SHEET ITEMS		TURKISH LIRA (TRL)					
		Reviewed Current Period			Audited Prior Period		
		June 30, 2018			December 31, 2017		
		TRL	FC	Total	TRL	FC	Total
I.	RISK OF FACTORING OPERATIONS ASSUMED						
II.	RISK OF FACTORING OPERATIONS NOT ASSUMED						
III.	GUARANTEES RECEIVED						
IV.	GUARANTEES GIVEN	43.1.a					
V.	COMMITMENTS	43.1.b					
5.1	Irrevocable Commitments	44					
5.2	Revocable Commitments						
5.2.1	Lease Commitments						
5.2.1.1	Financial Leasing Commitments						
5.2.1.2	Operating Lease Commitments						
5.2.2	Other						
5.3	Lending Commitments						
5.4	Guarantees Issued in Favor of Customers						
VI.	DERIVATIVE FINANCIAL INSTRUMENTS						
6.1	Derivative Financial Instruments for Cash Flow Hedges						
6.1.1	Fair Value Hedge Risk Transactions						
6.1.2	Cash Flow Hedge Risk Transactions						
6.1.3	Foreign Operations Net Investment Risk Hedge Transactions						
6.2	Trading Operations						
6.2.1	Future Trading Transactions						
6.2.2	Swap Trading Transactions						
6.2.3	Exchange Option Transactions						
6.2.4	Future Trading Transactions						
6.2.5	Other						
VII.	CUSTODY ASSETS	43.2					
TOTAL STATEMENT OF OFF-BALANCE SHEET ITEMS							
		3.321.007.862	40.111.701	3.361.119.564	3.186.755.371	38.187.313	3.224.942.684



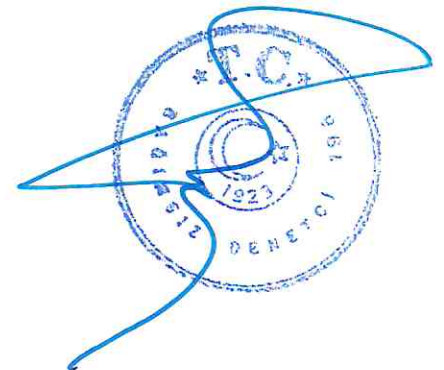
AK FAKTORİNG ANONİM ŞİRKETİ
PROFIT OR LOSS STATEMENT FOR THE PERIOD BETWEEN JANUARY 01-JUNE 30, 2018 AND 2017

INCOME AND EXPENSE ITEMS	Notes	TURKISH LIRA (TRL)			
		Reviewed	Reviewed	Reviewed	Reviewed
		January 1 -June 30 2018	April 1 -June 30 2018	January 1 -June 30 2017	April 1 -June 30 2017
I. OPERATING INCOME					
FACTORING INCOME		50.044.290	25.966.672	45.391.233	21.501.753
1.1 Interests Received from Factoring Receivables	33	50.044.290	25.966.672	45.391.233	21.501.753
1.1.1 Reduced		48.711.552	25.421.888	44.227.874	20.928.686
1.1.2 Other		36.897.861	19.691.002	35.057.694	17.169.114
1.2 Fees and Commissions Received from Factoring Receivables		11.813.691	5.730.886	9.170.180	3.759.572
1.2.1 Reduced		1.332.738	544.784	1.163.359	573.067
1.2.2 Other		1.269.935	544.433	1.160.165	572.865
		62.803	351	3.195	202
INCOME FROM FINANCING LOANS					
1.3 Interest Income from Financial Loans	34	--	--	--	--
1.4 Commission Income from Financial Loans		--	--	--	--
LEASING INCOME					
1.1 Financial Leasing Income	35	--	--	--	--
1.2 Operational Leasing Income		--	--	--	--
1.2 Fees and Commission Income on Leasing Operations		--	--	--	--
II. FINANCING EXPENSES (-)					
2.1 Interest Paid for Loans Used	36	(34.044.515)	(18.231.094)	(26.923.291)	(13.324.290)
2.2 Interest Paid for Liabilities from Factoring Transactions		(32.283.065)	(17.311.871)	(22.366.843)	(11.040.276)
2.3 Financial Leasing Expenses		--	--	--	--
2.4 Interest Given for Issued Securities		--	--	--	--
2.5 Other Interest Expenses		--	--	(3.092.918)	(1.565.209)
2.6 Fees and Commissions Paid		--	--	--	--
III. GROSS PROFIT AND LOSS (+II)		(1.761.450)	(919.223)	(1.463.530)	(718.803)
IV. OPERATING EXPENSES (-)					
4.1 Staff Expenses	37	15.999.775	7.735.578	18.467.942	8.177.463
4.2 Expenses of Provisions for Termination Indemnities		(5.312.888)	(2.567.061)	(4.787.284)	(2.267.548)
4.3 Research and Development Expenses		(3.419.339)	(1.670.905)	(3.094.844)	(1.480.497)
4.4 General Operating Expenses		(3.147)	--	(7.188)	(7.188)
4.5 Other		(1.787.424)	(829.430)	(1.616.983)	(754.689)
V. GROSS OPERATING PROFIT AND LOSS (+III)		(102.978)	(68.726)	(68.270)	(25.174)
VI. OTHER OPERATING INCOME		10.686.887	5.168.517	13.680.658	5.909.915
6.1 Interest Received from Banks	38	4.255.166	3.100.438	867.270	52.729
6.2 Interest Received from Reserve Repurchase Agreements		--	--	1.741	--
6.3 Interest Received from Securities		--	--	--	--
6.3.1 Marketable Securities in the Trade Book		--	--	--	--
6.3.2 Fair Value Difference FV Categorized as Profit / Loss Statement		--	--	--	--
6.3.3 Financial Assets Ready to Sale		--	--	--	--
6.3.4 Investments to be Held Until Maturity		--	--	--	--
6.4 Dividend Income		--	--	--	--
6.5 Profit from Capital Market Transactions		760.000	760.000	--	--
6.5.1 Derivative Financial Instruments Transactions		--	--	--	--
6.5.2 Other		--	--	--	--
6.6 Foreign Exchange Gains		--	--	--	--
6.7 Other		3.057.690	2.383.716	388.090	--
VII. SPECIAL PROVISIONS FOR NON-PERFORMING RECEIVABLES (-)		437.476	(43.278)	477.438	52.729
VIII. OTHER OPERATING INCOME (-)		(2.769.934)	(828.128)	(9.818.796)	(1.820.197)
8.1 Impairment Losses on Securities	40	(4.290.093)	(2.799.019)	(277.963)	(67.529)
8.1.1 Fair Value Difference FV Impairment Loss Categorized as Profit / Loss Statement		--	--	--	--
8.1.2 Financial Assets Ready to Sale		--	--	--	--
8.1.3 Investments to be Held Until Maturity		--	--	--	--
8.2 Impairment Loss of Fixed Assets		--	--	--	--
8.2.1 Impairment Loss of Tangible Fixed Assets		--	--	--	--
8.2.2 Impairment Loss of Assets Held for Sale and Fixed Assets Related to Discontinued Operations		--	--	--	--
8.2.3 Special Assessment Impairment Loss		--	--	--	--
8.2.4 Impairment Loss of Other Intangible Fixed Assets		--	--	--	--
8.2.5 Impairment Loss of Subsidiaries, Affiliates and Joint Venture		--	--	--	--
8.3 Loss on Derivative Financial Transactions		--	--	--	--
8.4 Foreign Exchange Losses		--	--	--	--
8.5 Other		(4.290.093)	(2.799.019)	(277.963)	(67.529)
IX. NET OPERATING INCOME AND EXPENSES (V+...+VIII)		7.882.026	4.641.808	4.451.168	4.074.918
X. INCOME RESULTED FROM MERGES		--	--	--	--
XI. PROFIT/LOSS ON NET MONETARY POSITION		--	--	--	--
XII. PROFIT/LOSS FROM CONTINUING OPERATIONS BEFORE TAX ((IX+X+XI)		7.882.026	4.641.808	4.451.168	4.074.918
XIII. INCOME TAX EXPENSE FROM CONTINUING OPERATIONS (±)		(1.644.995)	(940.737)	(911.450)	(809.724)
13.1 Current Tax Provisions	24.c	(1.644.995)	(940.737)	(911.450)	(809.724)
13.2 Deferred Tax Cost Effectiveness (-)		(1.708.848)	(1.020.023)	(886.550)	(821.811)
13.3 Deferred Tax Income Effectiveness (+)	24.b - 24.c	(57.559)	22.683	(45.605)	--
XIV. NET PROFIT AND LOSS SUSTAINED ACTIVITIES (NET) (XV±XVI)		121.412	56.603	20.705	12.086
XV. INCOME FROM DISCONTINUED OPERATIONS		6.237.031	3.701.071	3.539.718	3.265.194
15.1 Income from Assets Held for Sale		--	--	--	--
15.2 Profit on Sale of Associates, Subsidiaries and Jointly Controlled Entities		--	--	--	--
15.3 Other Income from Discontinued Operations		--	--	--	--
XVI. LOSS FROM DISCONTINUED OPERATIONS (-)		--	--	--	--
16.1 Expense on Assets Held for Sale		--	--	--	--
16.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities		--	--	--	--
16.3 Other Expenses from Discontinued Operations		--	--	--	--
XVII. PRE TAX PROFIT AND LOSS ON DISCONTINUED ACTIVITIES (XV-XVI)		--	--	--	--
XVIII. TAX PROVISIONS FROM DISCONTINUED OPERATIONS (±)		--	--	--	--
18.1 Current Tax Provisions		--	--	--	--
18.2 Deferred Tax Cost Effectiveness (-)		--	--	--	--
18.3 Deferred Tax Income Effectiveness (+)		--	--	--	--
XIX. PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XVII±XVIII)		--	--	--	--
XX. MINORITY SHARES		--	--	--	--
XXI. NET PROFIT / LOSS (XIV+XIX)		6.237.031	3.701.071	3.539.718	3.265.194
EARNINGS PER SHARE					
Earnings Per Share from Continued Operations (Complete TRL)	41	0,33	0,20	0,19	0,17
Earnings Per Share from Discontinued Operations (Complete TRL)		0,33	0,20	0,19	0,17
DILUTED EARNINGS PER SHARE					
Earnings Per Share from Continued Operations (Complete TRL)		0,33	0,20	0,19	0,17
Earnings Per Share from Discontinued Operations (Complete TRL)		0,33	0,20	0,19	0,17



AK FAKTORİNG ANONİM ŞİRKETİ
OTHER COMPREHENSIVE INCOME STATEMENTS FOR THE PERIOD BETWEEN JANUARY 01 – JUNE 30 2018 AND 2017

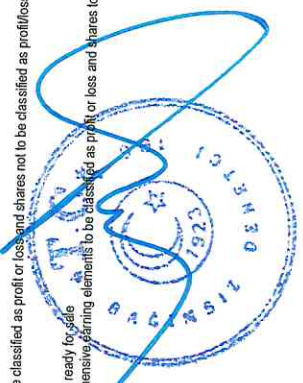
	Notes	TURKISH LIRA (TRL)			
		Reviewed	Reviewed	Reviewed	Reviewed
		January 1 -June 30 2018	April 1 -June 30 2018	January 1 -June 30 2017	April 1 -June 30 2017
CURRENT PERIOD PROFIT/LOSS	41	6.237.031	3.701.071	3.539.718	3.265.194
OTHER COMPREHENSIVE INCOME					
Other accumulated comprehensive income or expenses non-re-classifiable to profit or loss	32.3.b	(82.317)	(82.317)	8.827	--
Revaluation increase / decrease of fixed tangible assets		--	--	--	--
Revaluation increase / decrease of fixed intangible assets		--	--	--	--
Defined Benefit Plans Re-Measurement Gains / Losses		(82.317)	(82.317)	11.034	--
Shares not to be classified as profit/loss from other comprehensive income of investments valued by equity method		--	--	--	--
Other comprehensive income elements not to be classified as other profit or loss		--	--	--	--
Other accumulated comprehensive income or expenses classifiable to profit or loss		--	--	--	--
Foreign currency exchange difference		--	--	--	--
Revaluation and/or classification earnings/losses of financial assets ready for sale		--	--	--	--
Cash Flow Hedge Earnings / Losses		--	--	--	--
Investment hedge earnings/losses related to foreign operations		--	--	--	--
Shares to be classified as profit/loss from other comprehensive income of investments valued by equity method		--	--	--	--
Other comprehensive income elements to be classified as other profit or loss		--	--	--	--
Taxes regarding other comprehensive income to be reclassified as profit/loss		--	--	(2.207)	--
Tax income /loss of the period		--	--	--	--
Deferred tax income /loss		--	--	(2.207)	--
OTHER COMPREHENSIVE INCOME		(82.317)	(82.317)	8.827	--
TOTAL COMPREHENSIVE INCOME		6.154.714	3.618.754	3.548.545	3.265.194
Distribution of the Total Comprehensive Income					
Minority Interest		--	--	--	--
Parent Company Shares		6.154.714	3.618.754	3.548.545	3.265.194



AK FAKTORING ANONİM ŞİRKETİ
1 STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD BETWEEN JANUARY 01 - JUNE 30, 2018 AND 2017

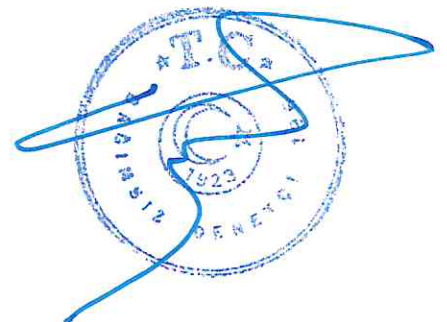
CHANGES IN EQUITY	Notes	Other accumulated comprehensive income or expenses non-re-classifiable to profit or loss						Total Equity
		1	2	3	4	5	6	
PRIOR PERIOD January 01 - June 30, 2017								
I. Balance at the Beginning of the Period								
II. Correction Made According to TMS 8								
2.1 Error Correction Influence		25.500.000						
2.2 Accounting Policy Correction Effect								
III. New Balance								
IV. Total Comprehensive Income	32							
V. Increase in Capital Realized in Cash								
VI. Increase in Capital from Internal Resources								
VII. Paid-in Capital Inflation Adjustment								
VIII. Convertible Bonds								
IX. Subordinated Loans								
X. Increase/Decrease due to other changes								
XI. Net Profit or Loss for The Period			8.827					
XII. Profit Distribution								
12.1 Distributed Dividend								
12.2 Amount Transfer to Reserves								
12.3 Other								
Balance at the End of Period (III+IV+.....+XI+XII+XIII)		25.500.000	8.827					
CURRENT PERIOD January 01 - June 30, 2018								
I. Balance at the Beginning of the Period								
II. Correction Made According to TMS 8								
2.1 Error Correction Influence		25.500.000	(52.371)					
2.2 Accounting Policy Correction Effect								
III. New Balance								
IV. Total Comprehensive Income	32							
V. Increase in Capital Realized in Cash								
VI. Increase in Capital from Internal Resources								
VII. Paid-in Capital Inflation Adjustment								
VIII. Convertible Bonds								
IX. Subordinated Loans								
X. Increase/Decrease due to other changes								
XI. Net Profit or Loss for The Period								
XII. Profit Distribution								
12.1 Distributed Dividend								
12.2 Amount Transfer to Reserves								
12.3 Other								
Balance at the End of Period (III+IV+.....+XI+XII+XIII)		25.500.000	(134.688)					

1. Fixed assets accumulated revaluation increase/decrease
2. Defined benefit plans accumulated re-measurement earnings/losses
3. Other (accumulated amounts of other comprehensive earning elements not to be classified as profit or loss and shares not to be classified as profit/loss from other comprehensive earnings valued by equity method from other comprehensive earnings)
4. Foreign currency exchange difference
5. Accumulated revaluation and/or classification earnings/losses of financial assets ready for sale
6. Other (cash flow hedge earnings/losses, accumulated amounts of other comprehensive earning elements to be classified as profit or loss and shares to be classified as profit/loss from other comprehensive earnings valued by equity method from other comprehensive earnings)



AK FAKTORİNG ANONİM ŞİRKETİ
STATEMENT OF CASH FLOW FOR THE PERIOD BETWEEN JANUARY 01 – JUNE 30, 2018 AND 2017

	Notes	TURKISH LIRA (TRL)	
		Reviewed	Reviewed
		January 1- June 30 2018	January 1- June 30 2017
A. CASH FLOWS OF MAIN OPERATIONS			
1.1 Operating profit on assets and liabilities subject of main operation prior to change		8.800.375	13.775.541
1.1.1 Interests Received / Leasing Earnings		48.711.552	44.229.615
1.1.2 Interest Paid	33	(32.283.065)	(25.459.761)
1.1.3 Rental Expenses	27, 36	--	--
1.1.4 Dividend Receipt		760.000	--
1.1.5 Fees and Commissions Received		1.332.738	1.163.359
1.1.6 Other earnings acquired		(2.556.377)	(875.965)
1.1.7 Collections from receivable on follow up accounted as loss	38, 40	(102.019)	(429.070)
1.1.8 Cash payments to staff and service providers	15	(5.071.829)	(4.787.284)
1.1.9 Taxes Paid	37	(1.990.624)	(65.353)
1.1.10 Other	24	--	--
1.2 Changes in Operating Assets and Liabilities		7.475.871	8.263.401
1.2.1 Net (Increase) / Decrease in Factoring Receivables		10.933.170	10.132.261
1.2.2 Net (Increase) / Decrease in Financial Loans	11	--	--
1.2.4 Net (Increase) / Decrease in Rental Receivables		--	--
1.2.6 Net (Increase) / Decrease in Other Assets		(1.881.452)	36.981
1.2.6 Net (Increase) / Decrease in Factoring Payables	14, 23, 25	(411.083)	(1.117.844)
1.2.7 Net (Increase) / Decrease in Receivables Loans	11	--	--
1.2.8 Net (Increase) / Decrease in Matured Debt		(567.066)	141.487
1.2.9 Net (Increase) / Decrease in Other Liabilities	14, 24.d	(597.698)	(929.484)
1.2.9	29, 31		
I. Net Cash Provided from / (Used in) Operating Activities		16.276.246	22.038.942
B. CASH FLOWS FROM INVESTING ACTIVITIES			
2.1 Investments in Associates, Subsidiaries and Joint Ventures		(200.000)	--
2.2 Disposal of Subsidiaries, Associates and Joint Ventures		--	--
2.3 Securities and Properties Purchased		(197.818)	(22.756)
2.4 Securities and Properties Sold	21, 22	8.650	10.006
2.5 Available-for-Sale Financial Assets	21, 22	--	--
2.6 Held-for-Sale Financial Assets		--	--
2.7 Investments to be Held Until Maturity		--	--
2.8 Investments Held to Sales		--	--
2.9 Other Cash Flows Related to Investment Activities		--	--
2.9	7		
II. Net Cash Used in Investing Activities		(389.168)	(12.750)
C. CASH FLOWS RELATED TO FINANCIAL ACTIVITIES			
3.1 Cash provided by credits and securities issued		(8.843.909)	(22.500.427)
3.2 Cash Outflows from Loans and Marketable Securities Issued	27, 28	--	--
3.3 Issued Equity Instruments		(7.500.000)	--
3.4 Dividend Payments		--	--
3.5 Financial Leasing Payments		--	--
3.6 Other Cash Flows Related to Financing Activities		--	--
3.6			
III. Net Cash Used in Financing Activities		(16.343.909)	(22.500.427)
IV. Currency Exchange Rate Difference's Influence on Cash and Cash Equivalent Assets		--	--
V. Net Increase / (Decrease) in Cash and Cash Equivalents		(456.831)	(474.235)
VI. Cash and Cash Equivalents at the Beginning of the Period	6, 8	615.158	700.013
VII. Cash and Cash Equivalents at the End of the Period	6, 8	158.327	225.778



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

1. ORGANIZATION AND NATURE OF OPERATIONS

Ak Faktoring Anonim Şirketi was established with the title of "Ak Faktoring Hizmetleri Ticaret Anonim Şirketi" on September 18, 1992. The title of the company has been decided to change by unanimous vote as "Ak Faktoring Anonim Şirketi" at the Extraordinary General Meeting of the Company held on October 12, 2012. The decision was announced in the Trade Registry Gazette numbered 8183 on October 31, 2012 and the company's title was registered as "Ak Faktoring Anonim Şirketi".

The company operates at address which is "Büyükdere Cad. Özsezen İş Merkezi C Blok No: 126 Kat: 9 Esentepe, Şişli / İstanbul". The main activity of the Company is to provide factoring services to industrial and commercial companies. The Company continues their factoring activities in one geographical region (Turkey).

The shareholding structure of the company is as follows:

	June 30, 2018		December 31, 2017	
	%	Amount	%	Amount
Altınhas Holding A.Ş.	100,00%	25.499.700	100,00%	25.499.700
İnan Altınbaş	> 1	75	> 1	75
Hüseyin Altınbaş	> 1	75	> 1	75
Atilla Keskin	--	--	> 1	75
Vedat Bayat	--	--	> 1	75
Altınhas Gayrimenkul A.Ş.	> 1	75	--	--
Paladyum Eğitim Yayıncılık San. ve Tic. A.Ş.	> 1	75	--	--
	100,00%	25.500.000	100,00%	25.500.000

As of June 30, 2018, the number of employees is 51. (December 31, 2017 - 47).

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

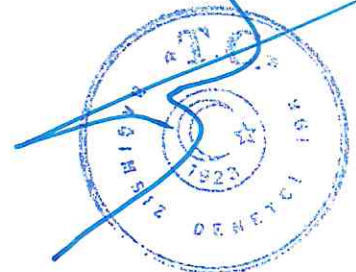
2.1. Basis of Presentation

2.1.1. Applied Accounting Standards

The Company's activities are accounted for in accordance with the Turkish Accounting Standards within the scope of the Communiqué on the Uniform Chart of Accounts and Explanatory Notes which will be applied to Financial Leasing, Factoring and Financing Companies which is published in the Official Gazette dated December 24, 2013 and numbered 28861.

In accounting for activities, provisions of the regulations have been applied about prepared on the basis of "Financial Leasing, Factoring and Financing Companies Law" which is published in the Official Gazette dated December 13, 2012, numbered 28496 and Accounting Practices and Financial Tables of Financial Leasing, Factoring, and Financing Companies which is published in Official Gazette dated December 24, 2013 and numbered 28861.

The Annex 1 of the Law No. 2499 was cancelled by the Decree No. 660 which is entered into force and to be published in the Official Gazette on November 2, 2011. And Public Oversight, Accounting and Auditing Standards Institution ("Institution") was established. In preparation of the financial statements, Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS / TFRS") and related annex and interpretations ("TAS / TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("KGK") have been taken a basis.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.1. Basis of Presentation (Cont'd)

2.1.2. Functional and Reporting Currency

The functional currency of the Company is the Turkish Lira (TL) and the reporting currency is also Turkish Lira (TL).

2.1.3. Adjustment of Financial Statements in Hyperinflationary Periods

The Company's financial statements have been subject to inflation adjustments in accordance with "Turkish Accounting Standard related to Financial Reporting in Hyperinflationary Economies" ("TAS 29") until December 31, 2004. The indicators that require inflation accounting application is stated to have been removed with general instruction issued by the Banking Regulation and Supervision Agency ("BRSA") dated April 28, 2005. And the application of inflation accounting has been terminated as of January 1, 2005.

2.1.4. Offsetting

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

2.2. Changes in Accounting Policies

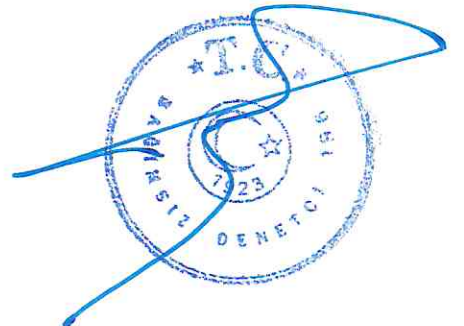
IFRS 15 Revenue from Customer Contracts

The Revenue from IFRS 15 Customer Contracts standard provides a single and comprehensive model and guide for the receipt of revenue and is included in the TAS 18 Revenue standard. The standard is effective as of January 1, 2018 and there is no significant effect on the Company's financial statements.

2.3. Changes in the Accounting Estimates and Errors

If changes in accounting estimates are related to only one period, they are recognized in the period when changes are applied: if changes in estimates are related to future periods. They are recognized both in the period where the change is applied and future periods prospectively. Correction of error are considered by retrospectively and the prior period financial statements are restated.

The preparation of financial statements in accordance with the Reporting Standards requires that management is to apply policies, to make decisions affected by reported amounts of assets, liabilities, income and expenses to make estimates and assumptions. Actual results may differ from these estimates. The estimates and the assumptions underlying estimates are constantly being reviewed. The updates to the accounting estimates are based on the period which is made the updates and on subsequent periods affected by these updates.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.3. Changes in the Accounting Estimates and Errors (Cont'd)

If changes in accounting estimates are related to only one period, they are recognized in the period when changes are applied; if changes in estimates are related to future periods. They are recognized both in the period where the change is applied and future periods prospectively. Correction of error are considered by retrospectively and the prior period financial statements are restated.

The preparation of financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation requires management to make decisions and make assumptions and decisions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may different from these estimates. The assumptions and the assumptions underlying the estimates are continuously reviewed. Updates in accounting estimates are recognized in the period in which they are updated and in subsequent periods affected by updates. The main areas where the estimates are used are as follows:

Note 7 – Fair value differences reflected P/L

Note 11 – Factoring receivables/payables

Note 15 – Non-performing receivables

Note 21 – Tangibles

Note 22 – Intangibles

Note 24 – Tax assets and liabilities

Note 30 – Payables and expense provision

2.4. Comparative Information and Adjustment Financial Statements of Previous Period

The current period financial statements and footnotes are presented comparatively with the prior period financial statements and footnotes. In order to comply with the presentation of the current period financial statements, comparative information is reclassified when it is necessary.

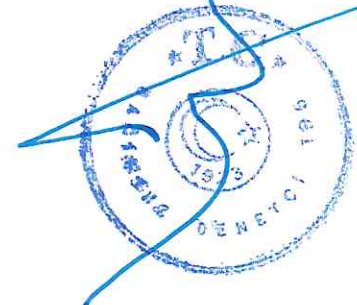
The accounting principles are applied by the Company and showed consistency with accounting principles applied in previous periods. The estimates and the assumptions underlying estimates are constantly being reviewed. The updates to the accounting estimates are based on the period which is made the updates and on subsequent periods affected by these updates.

2.5 New and Revised Turkish Accounting Standards

2.5.1. As of 30 June 2018, standards and interpretations issued but not yet effective

TFRS 9 Financial Instruments

TFRS 9, which entered into force on 1 January 2018, regulates the requirements for the recognition and measurement of financial assets and financial liabilities. This standards replaced with TAS 39 Financial Instruments: Recognition and Measurement. The amendments to TFRS 9 mainly affect the classification and measurement of financial assets and the measurement of financial liabilities classified at fair value through profit or loss and require the presentation of the portion of the credit risk in the other comprehensive income statement of the changes in the fair value of such financial liabilities. TFRS 9 substantially retains the existing provisions in TAS 39 for the classification and measurement of financial liabilities. Within the scope of the I Regulation on Amendments to the Regulation on Accounting Applications and Financial Statements of Financial Leasing, Factoring and Financing Companies RS published in the Official Gazette dated May 2, 2018 and numbered 30409, and the effective date of the regulation is September 30, 2018. The Company evaluates the expected credit loss calculation in accordance with TFRS 9.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.5 New and Revised Turkish Accounting Standards (Cont'd)

2.5.1. As of 30 June 2018, standards and interpretations issued but not yet effective (Cont'd)

In order to prepare the financial statements in accordance with TFRS 9, the amendments to the financial statements are subject to change with the same Regulation and the effective date of 30 September 2018. Therefore, the Company has continued to apply the provisions of TAS 39 for classification and measurement and factoring receivables in the accompanying financial statements.

The Company provides special provisions for its factoring receivables in accordance with the "Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette dated 24 December 2013 and numbered 28861 and in accordance with the provisions of the 2013 Regulation on the Amendments to the related Legislation Company. As in the previous periods, the Company continues to account for impairment provisions in accordance with the related legislation.

2.5.2. As of 30 June 2018, standards issued but not yet effective and not early adopted

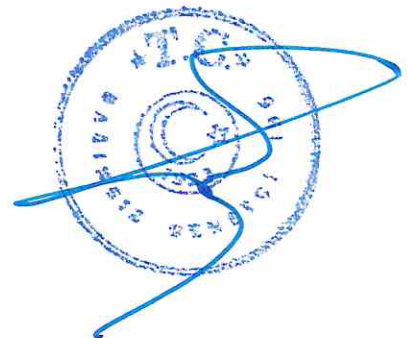
New standards, interpretations and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group has not early adopted are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated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

Amendments to IFRS 9 - Prepayment Features With Negative Compensation

On 12 October 2017, IASB has issued amendments to IFRS 9 to clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income if they meet the other relevant requirements of IFRS 9. Under IFRS 9, a prepayment option in a financial asset meets this criterion if the prepayment amount substantially represents unpaid amounts of principal and interest, which may include 'reasonable additional compensation' for early termination of the contract. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted. The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to IFRS 9.

IFRS 16 Leases

On 13 January 2016, IASB issued the new leasing standard which will replace IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently changes to IAS 40 Investment Properties. IFRS 16 Leases eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. IFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts IFRS 15 Revenue from Contracts with Customers. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.5 New and Revised Turkish Accounting Standards (Cont'd)

2.5.2 As of 30 June 2018, standards issued but not yet effective and not early adopted (Cont'd)

IFRS 23 –Uncertainty over Income Tax Treatments

On 24 May 2017, IASB issued IFRIC 23 Uncertainty over Income Tax Treatments to specify how to reflect uncertainty in accounting for income taxes. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. IFRIC 23 is effective from 1 January 2019, with earlier application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRIC 23.

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

New standards, interpretations and amendments to existing International Financial Reporting Standards (IFRS) have been published by the IASB but have not yet entered into force for the current reporting period; however, these new standards, interpretations and amendments have not yet been adopted / published by the POA and therefore do not form part of the TAS. Accordingly, standards issued by the IASB but not yet published by the POA are referred to as IFRS or IAS. The Company will make the necessary changes to its financial statements after the new standards and interpretations are in effect.

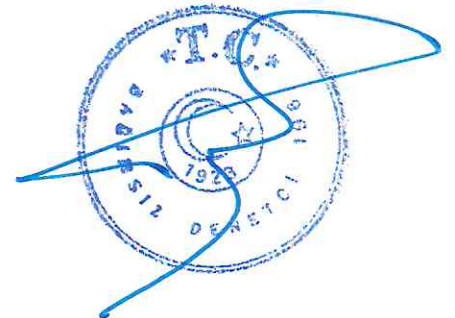
Annual Improvements to IFRS's 2015-2017 Cycle

Improvements to IFRS's

IASB issued Annual Improvements to IFRSs - 2015–2017 Cycle for applicable standards. The amendments are effective as of 1 January 2019. Earlier application is permitted. The Company does not expect that application of these improvements to IFRS's will have significant impact on its financial statement.

IAS 12 Income Taxes

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



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.5 New and Revised Turkish Accounting Standards (Cont'd)

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

Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement

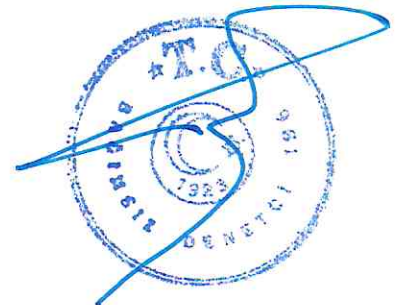
On 7 February 2018, IASB issued Plan Amendment, Curtailment or Settlement (Amendments to IAS 19). The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs. A company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI). The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted. The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to IAS 19.

The revised Conceptual Framework

The revised Conceptual Framework issued on 28 March 2018 by the IASB. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing IFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no IFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the Board with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. For companies that use the Conceptual Framework to develop accounting policies when no IFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

TAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses (Amendments) In December 2017, POA published its amendments to TAS 12 Income Taxes. The amendments clarify the deferred tax accounting for debt instruments measured at fair value. Changes; it aims to eliminate the existing differences in the application of the recognition of deferred tax assets for unrealized losses. The amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2017. Early application is allowed. However, the period in which the amendments are applied for the first time may be accounted for in the opening retained earnings / losses (or, if appropriate, in another equity item), without any separation between the effects of the opening equity of the first comparative period, the opening of prior years' profits / losses and other equity items. Has no impact on the financial position or performance of the Company.

X



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.6. Summary of Significant Accounting Policies

a. Revenue Recognition

Interest, commission and fee income from factoring transactions are recognized on an accrual basis unearned portions of interest income from factoring transactions are also shown on an accrual basis. The doubtful factoring receivables are accounted for by deducting receivable receivables.

b. Financial Instruments

Financial Assets

Financial assets classified as financial assets at fair value through profit or loss and financial assets other than those at fair value through profit or loss are accounted for at the fair market value and the total amount of the expenditures that can be directly related to the purchase transaction. As a result of the purchase or sale of financial assets that are subject to the delivery condition of the investment instruments in accordance with the period determined by the related market are recorded or removed from recorded at the transaction date.

Financial assets are classified as "financial assets at fair value through profit or loss", "investments held-to-maturity", "available-for-sale financial assets" and "loans and receivables". The classification is determined at the time of initial recognition, depending on the purpose and nature of the acquisition of the financial asset.

Effective Interest Method

The effective interest method is the valuation of the financial asset at amortized cost and the redistribution method in which the relevant interest income is related. Effective interest rate which reduces the estimated cash receipts to be collected over the expected life of the financial instrument or, where appropriate, for a shorter period of time to the net present value of the related financial asset. Income related to financial assets other than financial assets at fair value through profit or loss are calculated by using the effective interest method.

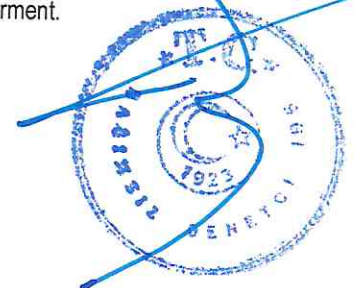
Fair Value Through Profit / Loss Assets

Financial assets at fair value through profit or loss are which held for trading purposes and not acquired for trading purposes and financial assets that are accounted for in this category during initial recognition. Financial assets are classified in the category, when a financial asset is acquired for short-term withdrawal or when it is concluded that a more accurate accounting presentation will be achieved during initial accounting. Financial assets that are derivative financial instruments that are not designated as an effective hedge against financial risk are also classified as financial assets at fair value through profit or loss.

Private sector investments based on credit, which are included in financial investments, are classified as trading securities for purchase and sale. Valuation gains and losses are recognized at fair value to be reflected in income statements in their subsequent valuation. Investments are where there is no reliable fair value, are valued at the discounted cost value. The discounted cost is calculated by the effective interest rate method.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS (Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.6. Summary of Significant Accounting Policies (Cont'd)

b. Financial Instruments (Cont'd)

Available-For-Sale Financial Assets

Company that are traded in an active market are classified as being available- for-sale financial assets and are stated at fair value. The Company also has investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at fair value. Similarly, investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at cost since the fair value of these investments cannot be measured reliably. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve except for impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss.

Available-for-sale monetary assets denominated in foreign currencies are determined on the basis of the currency in which the fair value is expressed and it is converted from the valid currency at the end of the reporting period. Foreign exchange gains / (losses) recognized in the income statement are determined based on the monetary asset's amortized cost value. Other foreign exchange gains and losses are recognized in other comprehensive income.

Factoring Receivables and Other Receivables

Factoring receivables and other receivables are accounted at their fair value at the date of initial recognition during the reporting periods after the first registration date, other receivables other than factoring receivables are stated at amortized cost by using the effective interest method. Factoring transactions are presented with their carrying values in subsequent reporting periods. During the first registration of factoring receivables, the prediction is that the registered values approximate to its fair value due to the consideration of the discount.

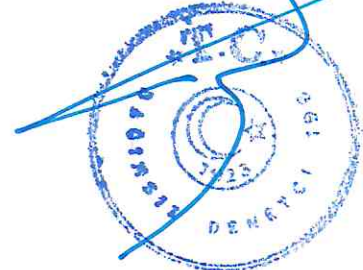
Specific provisions and free provisions are reserved for factoring receivables in accordance with the "Regulation on Accounting Applications and Financial Tables of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette No. 28861 dated 24 December 2013 by BRSA.

Impairment in Financial Assets

Financial assets other than financial assets at fair value through profit or loss, are assessed whether any indication that a financial asset or a group of financial assets has suffered an impairment at each balance sheet date. When the occurrence of one or more events after the initial recognition of the financial asset and when there is an objective evidence that the related impairment loss is impaired as a result of the impact on the estimated future cash flow of the related financial asset or group of assets that can be reliably estimated, is depreciated and impairment loss occurs. The impairment loss for loans and receivables is the difference between the present value of the expected future cash flows which is discounted at the financial asset's original interest rate, and the carrying amount.

Except factoring receivables, the impairment is directly deducted from the carrying amount of the related financial asset in all other financial assets. In case the receivables cannot be collected, the respective amount is deducted from the provision account. Changes in the provision account are recognized in the income statement.

Except for available-for-sale equity instruments, if the impairment loss decreases in the following period and if the decrease can be associated with an event occurring after the recognition of the impairment loss, in case the impairment of the investment has never been accounted at the date on which the previously recognized impairment loss impairment is to be cancelled, it is cancelled in profit / loss as not exceeding the amount of the amortized cost.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.6. Summary of Significant Accounting Policies (Cont'd)

b. Financial Instruments (Cont'd)

Cash and Cash Equivalents

Cash and cash equivalents include balances with maturity of less than three months from the date of acquisition, including cash and deposits in banks. This caption also includes other short-term, highly liquid investments that are readily convertible to known amounts of cash and specific demand deposits. The book value of these assets approximates their fair value.

Derivative Financial Instruments and Financial Liability Protection Accounting

The activities of the Company primarily expose the entity and expose it to financial risks that are subject to changes in interest rates. The company use derivative financial instruments (mainly exchange rate forward contracts) in order to manage the financial risks associated with currency and interest rate fluctuations related to future foreign currency and credit transactions. Derivative financial instruments are recorded at fair value at the date of the contract and are accounted for at fair value at subsequent reporting periods. Derivative financial instruments are recognized as held for trading because all necessary conditions are not fulfilled in order to be recognized as an item in hedge of hedge accounting, while providing hedge accounting. And the gain or loss realized by means of the related instruments is associated with the profit and loss statement.

Financial Liabilities

The Company's financial liabilities and equity instruments are classified in accordance with the definition of a contractual arrangement, a financial obligation and a tool based on equity. The contract representing the right of remaining assets after deducting all debts of the Company, is a financial instrument based on equity.

The accounting policies applied for based upon certain financial liabilities and equity instruments are given below.

Financial liabilities are classified as financial liabilities at fair value through profit or loss or other financial liabilities.

Fair Value Difference Financial Liabilities Reflected in Profit or Loss

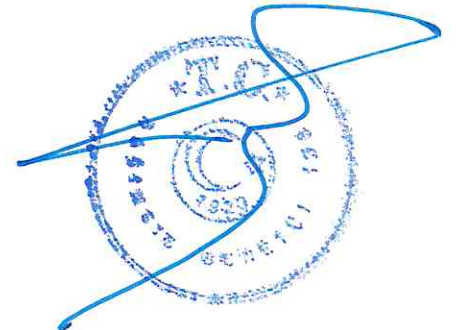
Financial liabilities at fair value through profit or loss are accounted for at fair value and they are revalued at the balance sheet date at fair value at each reporting period. The change in fair value is recognized in the income statement. Net gains or losses recognized in the income statement also include the interest paid for such financial liability.

Other Financial Liabilities

Other financial liabilities, including financial liabilities, are initially recognized at fair value, net of transaction costs.

Other financial liabilities are accounted with the interest rate calculated over the effective interest rate in subsequent periods and amortized cost using the effective interest method.

The effective interest method is the calculation of the amortized cost of the financial liability and the way in which the related interest expense is related to the redistribution. Effective interest rate which reduces the estimated cash receipts to be collected over the expected life of the financial instrument or, where appropriate, for a shorter period of time to the net present value of the related financial asset.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.6. Summary of Significant Accounting Policies (Cont'd)

c. *Tangible Fixed Assets and Depreciation*

Tangible assets are reflected accumulated depreciation and permanent value losses by deduction from the carrying value of the items accounted for using the effective interest method as of 31 December 2004 for items that were acquired before 01 January 2005 and the purchase cost value for items purchased after 31 December 2004.

Depreciation is amortized on a straight-line basis over the estimated useful lives of the tangible assets. Estimated useful lives of the related assets are as follows:

	Years
Furniture and fixtures	5 -10

Profit or loss arising from deduction of tangible assets are determined by comparing the amounts recovered and the amounts collected. And it is reflected in related income and expense accounts in the current period.

Costs of providing new products or services including costs of opening a new activity, advertising costs; costs to do business in a new location or with a new customer segment including training cost of staff; costs such as general management costs cannot be directly associated with the asset, thus, not included in the acquisition cost due to the fact that they are not included in the purchase price of the tangible asset and because the asset is not put in place to bring it into the necessary position and status so that it can operate in the direction of the management's objectives.

d. *Intangible Assets and Depreciation*

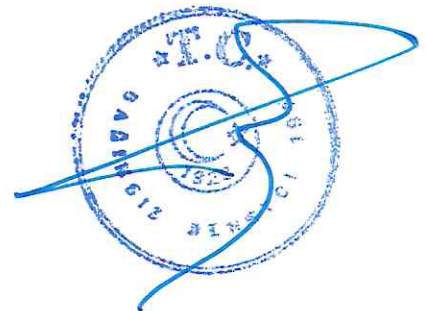
The intangible assets are taken into the financial statements in according with the criteria of being identifiable, having control over the related resource and the existence of an economic benefit expected to be obtained in the future. In this framework, expenditures related to training activities, expenditures related to advertising and promotional activities, partially or fully reorganization expenditures and expenditure on initial activities, except those that can be included in the cost of tangible assets are taken into financial statements as expense when they are accrued.

e. *Impairment of Assets*

The impairment test is applied when it is not possible to recover the carrying amount for assets subject to repayment or when events occur. An impairment loss is recognized when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the big one of the fair value or value in use after deduction of the selling costs. For the purpose of assessing impairment, assets are grouped at the lowest level where the identifiable cash flows are present (cash-generating units). Non-financial assets subject to impairment are reviewed at each reporting date for possible cancellation of impairment.

f. *Capital Increases*

Capital increases from existing shareholders are approved and registered at annual general meetings and they are accounted over their nominal values.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.6. Summary of Significant Accounting Policies (Cont'd)

g. Provisions for Severance Payment

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as TAS 19 (revised) "Employee Benefits" ("TAS 19").

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

h. Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date considering the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle, a provision is expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

i. Borrowing Costs

All borrowing costs are recorded in the income statement for the periods in which are incurred.

j. The Effects of Changes in Foreign Exchange Rates

The financial statements of each Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position of each entity are expressed in Turkish Liras (TRY).

The exchange rates used by the Company as of June 30, 2018 and December, 31 2017 are as follows:

	TRY / USD	TRY / EUR	TRY / GBP
June 30, 2018	: 4,5607	5,3092	5,9810
December 31, 2017	: 3,7719	4,5155	5,0803

A foreign currency transaction should be recorded initially at the rate of exchange at the date of the transaction. Assets and liabilities for each statement of financial position presented are translated to Turkish Liras (TRY) at the buying rate of TCMB at the date of that balance sheet.

k. Earnings per Share

Earnings per share are determined by dividing net income by the weighted average number of shares outstanding during the year. The shares of the Company by distributing shares to existing shareholders from retained earnings and allowable reserves ("Bonus Shares") to increase their capital. When calculating earnings per share, these shares are considered as issued shares. The weighted average number of shares used in earnings per share computations is derived by issuing bonus shares is regarded as backward.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS (Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.6. Summary of Significant Accounting Policies (Cont'd)

l. *Subsequent Events*

Events after the balance sheet date comprise any events between the balance sheet date and the date of authorization of the financial statements for issue, even if any events after the balance sheet date occurred subsequent to the announcement on the Company's profit or following the publicly disclosed financial information.

The Company restates its financial statements if such adjusting subsequent events arise.

m. *Finance Leasing*

Leasing – The Company as Lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Acquired assets, lease, rental, or at the date the fair value of the asset at the lower of the present value of the minimum lease payments is activated by using. The corresponding liability to the lessor is shown in the balance sheet as a finance lease obligation. Finance lease payments finance charges and reduction of the lease obligation are divided as to the payment of the principal that provides, and thus allows us to calculate interest on the balance remaining principal of the debt at a fixed rate.

Financial expenses the Company's general policy details, which include financing costs capitalized within the scope of the above except for the portion of the borrowing are recognized in profit or loss. Contingent rents are recorded as an expense in the period in which they are incurred.

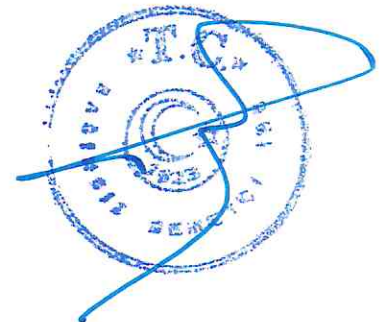
n. *Taxation*

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. The subsidiaries of the Company have deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future.

Deferred tax assets and liability are not recognized in which case arising from initial recognition of goodwill or an asset/liability (except business combinations) which, at the time of the transaction, does not affect either the accounting or the taxable profit.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.6. Summary of Significant Accounting Policies (Cont'd)

n. *Taxation (Cont'd)*

Deferred tax assets for deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint arrangements, are only recognized to the extent that it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the temporary difference will be utilized.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date. Deferred tax assets or a portion of the deferred tax asset will allow to obtain the full benefits of sufficient taxable income to the extent that it is not possible, reduce the carrying value of deferred tax assets.

Deferred taxes assets resulted from these types of investments and shares are calculated under the condition that it has the high probability that the related differences will be extinct in the future and the adequate profit will be gain to exploit these differences. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted by the end of the balance sheet date. The measurement reflects the entity's expectations, at the end of the reporting period, as to the manner in which the carrying amount of its assets and liabilities will be recovered or settled.

Deferred tax assets and deferred tax liabilities can only be offset in the statement of financial position if the entity has the legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same taxing authority on the same entity or different entities that intend to realize the asset and settle the liability at the same time.

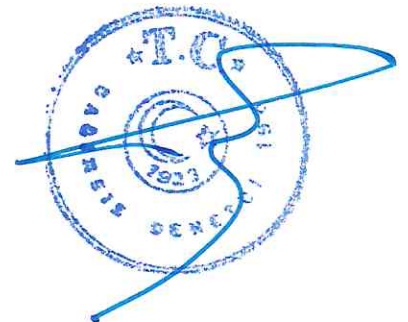
Items which are associated with items recognized directly in equity or accounted as liabilities or current tax, except for those arising from initial recognition of business combinations and deferred tax are accounted as expense or income in the income statement. The tax effect is taken into account in the business combination, in the calculation of goodwill or in determining the excess of the cost of the acquisition over the fair value of the acquire identifiable assets, liabilities and contingent liabilities of the acquired subsidiary.

o. *Cash Flow Statement*

In the cash flow statement, cash flows for the period in a format that is classified according to the investment and financing activities.

Cash flows from operating activities represent the cash flows of the Company's operations. Cash flows related to investing activities shows the Company's investment activities (asset investments and financial investments).

Cash flows relating to financing activities represent the resources used in the Company's financing activities and the repayment of these funds.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.6. Summary of Significant Accounting Policies (Cont'd)

r. Related Party

The ability of a party to be considered as a related party to the Company depends on the following criteria:

- (a) The subject party, directly or indirectly through one or more intermediaries:
 - (i) Has control or joint control over the reporting entity; (including subsidiaries and affiliates in the same business segment subsidiaries)
 - (ii) has significant influence over the reporting entity; or
 - (iii) has joint control over the reporting entity,
- (b) The party is a subsidiary of the entity;
- (c) The party has a business partnership that the entity is a joint venture;
- (d) The party is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;
- (e) The party is a close family member of any individual referred to in (a) or (d);
- (f) The party is an entity that is controlled, jointly controlled or under significant influence, or in which any individual referred to in (d) or (e) has significant voting rights, directly or indirectly, or
- (g) It requires that the entity has benefit plans that are provided to the employees of the entity or an entity that is a related party of the entity after they leave the company.

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged. In the following financial statements, the shareholders of the Company, its affiliates and the companies associated with them, their key managers and other known groups are referred to as related parties.

s. Segment Reporting

Reporting of Financial Information by Segments is reporting in accordance with different kinds of products and services produced financial information and different geographic regions where the business operates about the better understanding of the past performance of the enterprises by the financial statement users, the better assessment of risks and yields and being able to make a more accurate decision about the enterprise as a whole.

t. Government Incentives and Grants

All government grants, including grants non-monetary government stated at fair value, reasonable assurance can be obtained by businesses will be fulfilled and the grants by the company's requirements for obtaining recognized in the financial statements when they are incurred.

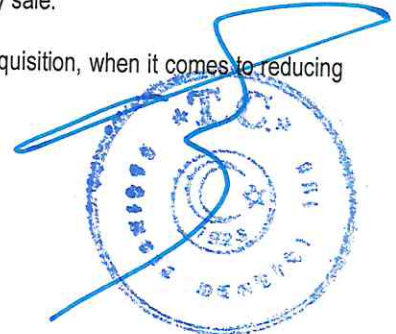
It may be waived loans obtained from the state, in the event there is a reasonable assurance that the company will fulfill the conditions of the waiver is accepted as a government grant. The Company does not have any incentives or grants as of 30 June 2018 and 31 December 2017.

u. Non-Current Assets Held for Sale and Discontinued Operations

i) Non-Current Assets Held for Sale

If the company intends to purchase a fixed asset and if the sale is likely to occur within 12 months, the related asset is classified as held for sale in the statement of financial position. Equipment held for sale are valued at the lower of carrying amount or fair value. Recoverability of the carrying amount is measured not by the use of the asset but by sale.

Assets received as collateral by the Company are classified as held for sale after their acquisition, when it comes to reducing the cash collection ability of the funds used.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Cont'd)

2.6. Summary of Significant Accounting Policies (Cont'd)

u. Non-Current Assets Held for Sale and Discontinued Operations (Cont'd)

ii) Discontinued Operations

An entity is a party to a binding sales contract for almost all of the assets that can be directly attributed to the discontinued operation or approval of a detailed and formal plan by the board of directors or similar managing body concerning the suspension or if an announcement is made about the related plan, Public disclosure is made. Related provisions are complied with in the scope of impairment of assets in discontinued operations on the basis of financial statements and valuation principles, provisions, contingent assets and liabilities, tangible assets, and benefits The Company has no discontinued operations as of 30 June 2018 and 31 December 2017.

3. BUSINESS COMBINATIONS

None. (December 31, 2017 - None).

4. JOINT VENTURES

None. (December 31, 2017 - None).

5. SEGMENT REPORTING

None. (December 31, 2017 - None).

6. CASH AND CASH EQUIVALENTS AND THE CENTRAL BANK

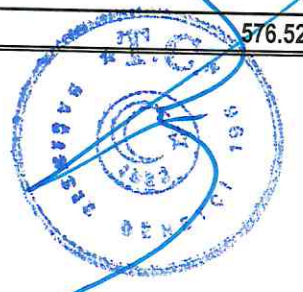
	30.06.2018		31.12.2017	
	LC	FC	LC	FC
Cash register	2.099	--	5.532	--
	2.099	--	5.532	--

7. FAIR VALUE DIFFERENCES REFLECTED P/L (Net)

None. (December 31, 2017 - None).

8. BANKS

	30.06.2018		31.12.2017	
	LC	FC	LC	FC
Demand deposit	156.228	--	576.526	33.100
Time deposit	--	--	--	--
	156.228	--	576.526	33.100



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

9. RECEIVABLES FROM REVERSE REPO TRANSACTIONS

None. (December 31, 2017 - None).

10. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)

	30.06.2018		31.12.2017	
	LC	FC	LC	FC
Capital Stock	1.160.000	--	960.000	--
<i>Final Varlık Yönetim A.Ş.</i>	1.140.000	--	950.000	--
<i>Birikim Varlık Yönetim A.Ş.</i>	20.000	--	10.000	--
	1.160.000	--	960.000	--

Company; Birikim Varlık Yönetim A.Ş. in the amount of TRL 20.000 and 0.001% of the shares, has a nominal value of TRL 380.000 with a purchasing cost of TRL 1.140.000 and a share of 0,019%.

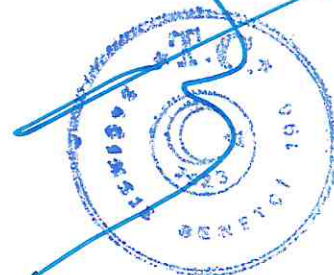
11. FACTORING RECEIVABLES / PAYABLES

a. Factoring Receivables

	30.06.2018		31.12.2017	
	LC	FC	LC	FC
Discounted factoring receivables	318.081.489	--	322.020.426	--
Other factoring receivables	87.216.117	--	94.924.994	--
Restructured factoring receivables	12.264.207	--	14.590.900	--
Interest income accrual of factoring receivables	3.404.868	--	2.294.912	--
Unearned interest income from factoring receivables (-)	(17.102.037)	--	(19.236.110)	--
	403.864.644	--	414.595.122	--

Maturity distribution of factoring receivables:

30.06.2018	Up to	Up to	Between 3	Between 1	Total
	1 month	3 months	months and 1 year	year and 5 years	
Factoring receivables	87.555.998	150.474.753	155.308.226	10.525.667	403.864.644
31.12.2017	Up to	Up to	Between 3	Between 1	Total
	1 month	3 months	months and 1 year	year and 5 years	
Factoring receivables	65.617.464	138.330.544	197.736.493	12.910.621	414.595.122



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

11. FACTORING RECEIVABLES / PAYABLES - (Cont'd)

a. Factoring Receivables - (Cont'd)

The details of factoring receivables according to the sectors are as follows;

Sector	30.06.2018		31.12.2017	
	Amount ('000)	Percentage %	Amount ('000)	Percentage %
Construction	88.162	21%	79.950	18%
Textile and textile products industry	81.461	19%	107.037	25%
Other manufacturing industry	36.185	9%	25.900	6%
Agriculture	34.706	8%	47.432	11%
Other social and personal services	25.470	6%	34.372	8%
Wholesale and retail trade services	24.587	6%	18.941	4%
Removing mines that produces energy	24.560	6%	22.226	5%
The paper and paper products industry	17.372	4%	14.087	3%
Chemical and chemical products and synthetic industry	13.545	3%	29.345	7%
Metal main industry and processed material production	13.532	3%	2.400	1%
Transport vehicles industry	12.029	3%	16.659	4%
Food, beverage and tobacco industry	10.344	2%	6.775	2%
Other non-metallic industry	10.042	2%	2.173	1%
Rubber and plastic products industry	7.886	2%	5.999	1%
Machinery and equipment industry	7.772	2%	2.465	1%
Hotels and restaurants (tourism)	4.736	1%	5.585	1%
Transport, storage and communication	4.453	1%	6.694	2%
Leather and leather products industry	2.650	1%	5.751	1%
Education	1.000	0%	--	0%
Worker Running Personal Contacts	355	0%	--	0%
Wood and Wood Products Industry	120	0%	--	0%
Electrical and optical appliances industry	--	0%	40	0%
	420.967	100%	433.831	100%

b. Factoring Payables

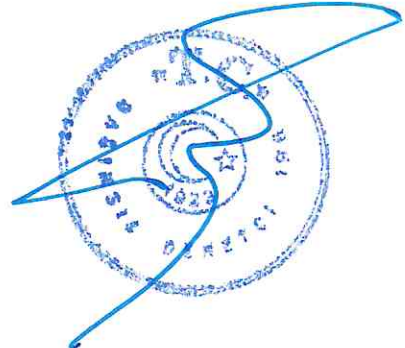
As at 30 June 2018 and 31 December 2017, the details of short-term factoring payables are as follows:

	30.06.2018		31.12.2017	
	LC	FC	LC	FC
Factoring payables	563.997	--	975.080	--
	563.997	--	975.080	--

Factoring payables represent amounts that have been collected on behalf of the factoring customers and which have not yet been deposited into the accounts of the related factoring customers.

12. FINANCE CREDITS

None. (December 31, 2017 – None.)



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13. RECEIVABLES / PAYABLES FROM LEASING TRANSACTIONS

None. (December 31, 2017 – None.)

14. OTHER RECEIVABLES / PAYABLES**a) Other Receivables**

	30.06.2018		31.12.2017	
	LC	FC	LC	FC
Miscellaneous receivables	2.300.432	--	2.076.432	--
<i>BITT from customers</i>	1.258.491	--	1.050.374	--
<i>Cost receivable of litigation and court</i>	371.307	--	409.535	--
<i>Other</i>	670.635	--	616.523	--
	2.300.432	--	2.076.432	--

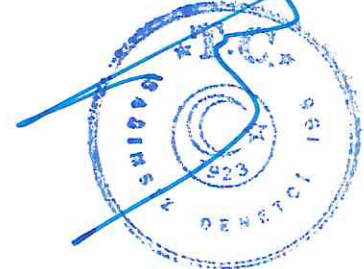
b) Other Payables

	30.06.2018		31.12.2017	
	TP	YP	TP	YP
Miscellaneous debts	82.120	--	514.967	--
<i>Debts to suppliers</i>	82.120	--	506.589	--
<i>Debts to related parties (Note 42.2)</i>	26.273	--	431.695	--
<i>Debts to other parties</i>	55.847	--	74.894	--
<i>Due to personnel</i>	--	--	8.378	--
	82.120	--	514.967	--

15. NON-PERFORMING RECEIVABLES

As of 30 June 2018, and 31 December 2017, the details of the non-performing factoring receivables and provision of the Company are as follows:

	30.06.2018		31.12.2017	
	LC	FC	LC	FC
Non-performing receivables	32.451.443	--	32.919.922	--
Special provisions (-)	(22.746.061)	--	(20.241.914)	--
Non-performing receivables, net	9.705.382	--	12.678.008	--



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15. NON-PERFORMING RECEIVABLES – (Cont'd)

	30.06.2018		31.12.2017	
	Total non-performing factoring receivables	Provision	Total non-performing factoring receivables	Provision
Overdue within 1-3 months	--	--	--	--
Overdue within 3-6 months	417.348	(83.470)	10.108.218	(520.769)
Overdue within 6-12 months	9.559.702	(2.187.174)	1.665.990	(832.995)
Overdue within 1 years and more	22.474.393	(20.475.418)	21.145.714	(18.888.150)
	32.451.443	(22.746.061)	32.919.922	(20.241.914)

Over the amount after deducting guarantees on risks, the Company has made a provision's study as 30% provision for overdue 3 to 6 months, 50% provision for overdue 6 to 12 months, 100% provision for overdue 1 year and more of receivables.

The movement of provision for factoring receivables as of 30 June 2018 and 31 December 2017 is as follows:

	30.06.2018	31.12.2017
Opening balance, January 01	(20.241.914)	(8.678.472)
Expenses for the period (Note 39)	(2.769.934)	(11.833.884)
Transferred receivables	--	--
Cancelled provisions (Note 38)	265.787	270.442
Closing balance	(22.746.061)	(20.241.914)

16. DERIVATIVE AND FINANCIAL ASSETS AND LIABILITIES

None. (December 31, 2017 – None.)

17. INVESTMENTS HELD TO MATURITY (Net)

None. (December 31, 2017 – None.)

18. SUBSIDIARIES (Net)

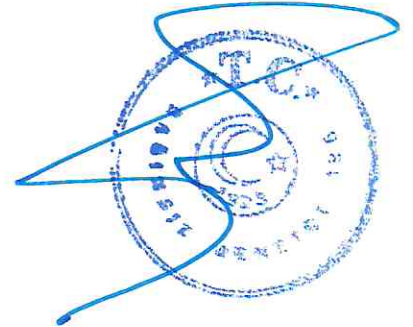
None. (December 31, 2017 – None.)

19. JOINT VENTURES (Net)

None. (December 31, 2017 – None.)

20. AFFILIATES (Net)

None. (December 31, 2017 – None.)



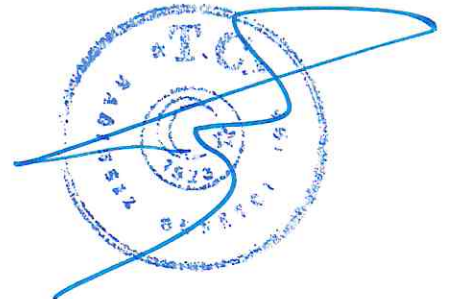
AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

21. TANGIBLES (Net)

Movements of property, plant and equipment for the period 30 June 2018 and 31 December 2017 are as follows:

Cost	Furniture and fixtures
December 31, 2016	920.708
Additions	84.632
Disposals (-)	(10.006)
December 31, 2017	995.334
Additions	36.304
Disposals (-)	(8.650)
June 30, 2018	1.022.988
Accumulated Depreciation	
January 01, 2016	295.286
Additions	183.382
Disposals (-)	--
December 31, 2016	478.668
Additions	163.344
Disposals (-)	(8.299)
December 31, 2017	633.713
Additions	57.965
Disposals (-)	8.650
June 30, 2018	700.328
Net registered value	
December 31, 2016	442.041
December 31, 2017	361.622
June 30, 2018	322.660



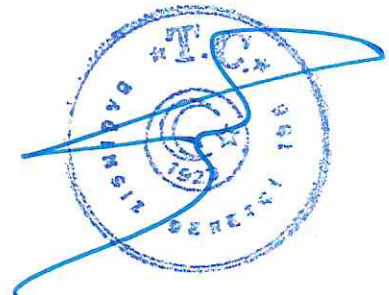
AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

22. INTANGIBLES (Net)

Movements of intangibles for the period 30 June 2018 and 31 December 2017 are as follows:

Cost	Rights
December 31, 2016	459.677
Additions	329.664
Disposals (-)	(3.210)
December 31, 2017	786.131
Additions	161.514
Disposals (-)	0
June 30, 2018	947.645
Accumulated Depreciation	
January 01, 2016	185.888
Additions	58.804
Disposals (-)	--
December 31, 2016	244.692
Additions	72.102
Disposals (-)	(3.210)
December 31, 2017	313.584
Additions	65.962
Disposals (-)	0
June 30, 2018	379.546
Net registered value	
December 31, 2016	214.985
December 31, 2017	472.547
June 30, 2018	568.099



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23. PREPAID EXPENSES AND DEFERRED INCOME

Prepaid expenses	30.06.2018		31.12.2017	
	LC	FC	LC	FC
Prepaid dues and interest expenses	8.752.331	--	7.802.924	--
Other	2.632	--	477	--
	8.754.962	--	7.803.401	--

Deferred Income	30.06.2018		31.12.2017	
	LC	FC	LC	FC
Commission income collected for cash	262.517	--	771.038	--
	262.517	--	771.038	--

24. TAX ASSETS AND LIABILITIES

a) Corporate Tax

In Turkey, the corporation tax rate of the fiscal year 2018 is 20% (December 31, 2017: 20%). Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, exempt income (exemption for participation in subsidiaries, exemption for investment incentive allowance etc.) and allowances (such as research and development expenditure allowances). No further tax is payable unless the profit is distributed.

The Law on the Amendment to the Tax Procedural Law, the Income Tax Law and the Corporate Tax Law No. 5024 published in the Official Gazette on 30 December 2003, income or corporation's taxpayers who determine their earnings on a balance sheet basis prepares their financial statements by adjusting the inflation since January 01, 2004. According to the law, for making inflation adjustment, the cumulative interest rate (DIE TEFE increase rate) of last 36 months exceeding %100 and last 12 months (DIE TEFE increase rate) exceeding %10. Inflation adjustment was not made for 2008, 2009 and 2010 as these conditions were not met.

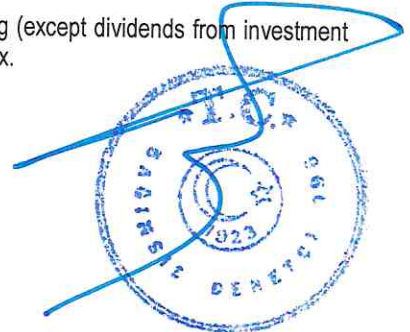
Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered profit distribution and thus does not incur withholding tax.

Companies declare their advance tax returns at 22% (2017: 20%) on their quarterly financial profits and pay until the 14th day of the second month following that period and pay till the 17th day. The temporary tax paid during the year shall be deducted from the corporation tax that will be calculated on the tax declaration of the institutions that will be given in the following year. If the temporary tax amount paid remains despite the indictment, this amount can be refunded, or any other financial debt to the state can be deducted.

There are many exemptions in Corporate Tax Law regarding corporations. Those related to the Company are explained below:

Exemption for Domestic Participation Gains:

Dividend gains from shares in capital of another corporation subject to resident taxing (except dividends from investment funds participation certificates and investment trusts shares) are exempt from corporate tax.



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(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

24. TAX ASSETS AND LIABILITIES – (Cont'd)

b) Corporate Tax – (Cont'd)

Emission Premium Exemption

The issued shares that is from the foundation of incorporated company or increasing capital, emission premium gains from excess of nominal value are exemption from corporate tax.

Exemption for Foreign Affiliate Earnings

The Company that has no legal head office located in Turkey, participating in 10% or more of the corporation for at least one year continuously for a period of one year from the capital of a joint stock company or limited liability company, At least 15% (the main activity subject to financing or insurance companies, at least the rate of the corporate tax applied in Turkey), and the transfer of the taxes to the Turkey until the taxation declaration of the annual corporations related to the taxation period Subsidiary earnings are exempt from corporate tax.

Exemption from Sales Gains for Real Estate, Subsidiary Share, Subscription Right, Founder and Pre-emptive Bonds

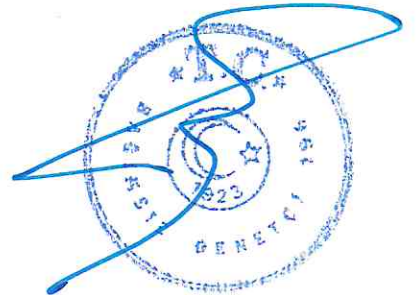
75% portion of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property, which has remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The sales consideration has to be collected up until the end of the second calendar year following the year the sale was realized.

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

Transfer Pricing

Article 13 of Corporation Tax Law numbered 5520 introduces new arrangements about the transfer pricing came into force as of 1 January 2007. Significant changes took place in the arrangements related to the transfer pricing following the respective article based on the transfer pricing guidance of EU and OECD. In this framework, the entities are required to use the prices or amounts to be determined according to the peers for the purpose of sales or service buy and sale transactions carried out with affiliated persons. The principle of suitability with the peers means that the price or amount to be used for the purpose of goods or service buy and sale carried out with the affiliated persons is suitable for the price or amount that would have arisen if there had been no relation between them. The entities will determine the prices or amounts suitable for the peers that will be applied for the purpose of transactions carried out with the affiliated persons by using the methods laid out in the respective law according to the nature of the transaction.



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24. TAX ASSETS AND LIABILITIES – (Cont'd)

a) Corporate Tax – (Cont'd)

The details of current tax asset / (liability) as of 30 June 2018 and 31 December 2017 are as follows:

	30.06.2018		31.12.2017	
	LC	FC	LC	FC
Corporate tax	(4.753.744)	--	(3.044.916)	--
Prepaid taxes and funds (-)	3.833.369	--	1.742.954	--
Total tax assets / (liabilities), net	(920.375)	--	(1.301.962)	--

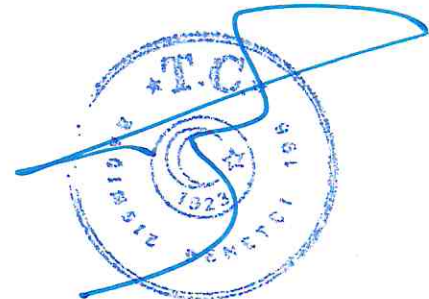
b) Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities.

The rate to be applied to deferred tax assets and liabilities calculated using liability method over temporary differences in the prospective periods is 22% for the Company.

Movement of deferred tax details in the periods ended on 30 June 2018 and 31 December 2017 are as follows:

	Cumulative temporary difference		Deferred tax	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
Deferred tax assets:				
Provision for severance pay	(252.383)	(285.653)	50.477	57.131
Provision for unused annual leave	(217.374)	(129.931)	43.475	25.986
Provision for doubtful receivables	(1.590.448)	(1.253.851)	318.090	250.770
Provision for litigation	(122.400)	(122.400)	24.480	24.480
Total deferred tax assets	(2.182.604)	(1.791.835)	436.521	358.367
Deferred tax liabilities:				
Tangible and intangible assets	26.834	12.094	(5.367)	(2.419)
Total deferred tax liabilities	26.834	12.094	(5.367)	(2.419)
Deferred tax assets, net	(2.155.770)	(1.779.741)	431.154	355.948



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AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

24. TAX ASSETS AND LIABILITIES – (Cont'd)**b) Deferred Tax Assets and Liabilities – (Cont'd)**

Movement of tax assets / (liabilities)	30.06.2018	31.12.2017
Opening balance, January 01	355.947	133.180
Deferred tax income / (expense)	75.207	222.767
Closing balance	431.154	355.947

c) Provision for Operating Tax

The tax provision in the profit and loss statements is summarized below:

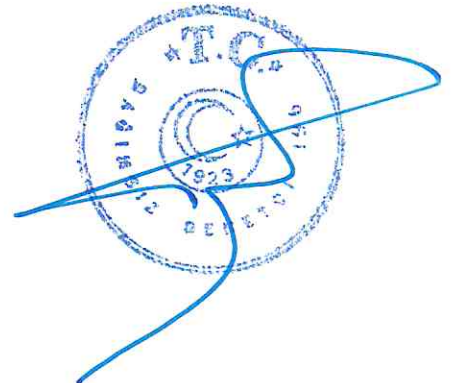
	January, 01 – June 30, 2018	April, 01 - June 30, 2018	January, 01 – June 30, 2017	April, 01 - June 30, 2017
Current period tax income / (expense), net	(1.708.848)	(1.020.023)	(886.550)	(821.811)
Deferred tax income / (expense), net	63.853	79.286	(24.900)	12.086
	(1.644.995)	(940.737)	(911.450)	(809.724)

d) Taxes and Liabilities Payable

	30.06.2018		31.12.2017	
	LC	FC	LC	FC
BITT	361.401	--	544.083	--
SSI premiums to be paid	291.782	--	245.072	--
Income tax	96.867	--	95.889	--
Stamp tax	3.705	--	2.930	--
	753.755	--	887.974	--

25. OTHER ASSETS

None. (December 31, 2017 – None.)



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AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

26. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET) AND PAYABLES

a) Assets Held for Sale

	30.06.2018		31.12.2017	
	LC	FC	LC	FC
Vehicles (*)	649.299	--	--	--
	649.299	--	--	--

(*) Assets held for sale are classified as Groupage Servis Lojistik ve Taş. A.Ş. which consists of factoring receivables.

b) Discontinued Operations

None. (December 31, 2017 – None.)

27. BANK LOANS

	30.06.2018		31.12.2017	
	LC	FC	LC	FC
Bank loans	185.761.271	17.957.630	224.451.184	6.648.460
Funds provided from factoring companies	156.798.267	--	137.862.338	--
Interest accrual	2.605.091	8.936	3.003.704	9.419
	345.164.630	17.966.566	365.317.226	6.657.879

28. ISSUED BONDS AND SECURITIES (Net)

None. (December 31, 2017 – None.)

As of June 30, 2018:

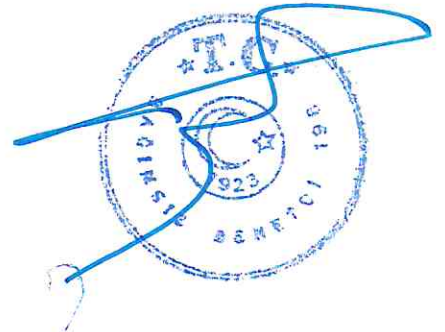
None.

As of December 31, 2017:

As of August 25, 2016 the Company has issued bonds that is amount of TRY 40.000.000 with a maturity of 1 year. As of June 30, 2017, interest accrual was realized that is amount to TRY 627.175. The interest coupon payment was made on November 24, 2016, February 23, 2017, May 25, 2017 and August 24, 2017. The all principal payment was made with the last coupon payment.

29. OTHER LIABILITIES

None. (December 31, 2017 – None.)



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AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

30. PAYABLES AND EXPENSE PROVISION

	30.06.2018		31.12.2017	
	LC	FC	LC	FC
Provision for severance pay	252.383	--	285.654	--
Provision for unused annual leave	217.374	--	129.931	--
Other provisions	122.402	--	122.400	--
	592.159	--	537.985	--

Employee Rights Obligation Provision

Provision for Severance Pay

In accordance with the provisions of the current Labour Code, there is a liability to pay severance pay to employees if the contract is terminated in the way to entitled to take severance pay. Furthermore, in accordance with the Social Insurance Law No: 506 dated March 6, 1981, numbered 2422 and dated August 25, 1999, numbered 4447 and amended article 60 of the current Social Insurance Law, there is liability to pay severance pay to the employees who have right to leave job by taking severance pay.

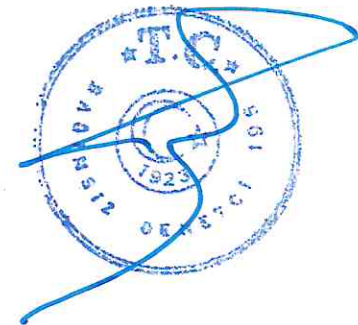
The amount payable consists of one month's salary limited to a maximum of TRY 5.001,76 for each year of service as of June 30, 2018. (December 31, 2017: TRY 4.732,48).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at June 30, 2018, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of % 9,50 (2017: % 9,50) real discount calculated by using % 13,40 (2017: % 13,40) annual inflation rate and % 3,56 (2017: % 3,56) discount rate.

31. LOANS SIMILAR WITH CAPITAL

None. (December 31, 2016: None.)



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(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

32. EQUITY

32.1. Paid in capital and capital reserves

The paid in capital of the Company is TRY 25.500.000 that is consisted of 25.500.000 shares that each share is amounting to TRY 1. (December 31, 2016: TRY 25.500.000 / 25.500.000 issued share.)

The owners and rates of the shares are as follows:

	30.06.2018		31.12.2017	
	%	Amount	%	Amount
Altınhas Holding A.Ş.	100,00%	25.499.700	100,00%	25.499.700
İnan Altınbaş	> 1	75	> 1	75
Hüseyin Altınbaş	> 1	75	> 1	75
Atila Keskin	--	--	> 1	75
Vedat Bayat	--	--	> 1	75
Altınhas Gayrimenkul A.Ş.	> 1	75	--	--
Paladyum Eğitim Yayıncılık San. ve Tic. A.Ş.	> 1	75	--	--
	100,00%	25.500.000	100,00%	25.500.000

There are no privileges granted to shares.

32.2. Capital reserves

None. (December 31, 2017 – None.)

32.3.a Other comprehensive income and expenses that will not be classified in profit or loss statement

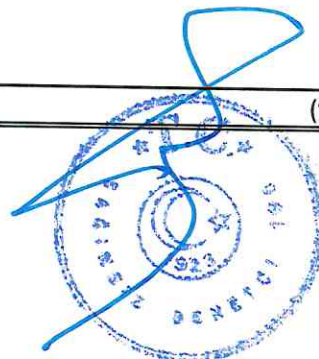
None. (December 31, 2017 – None.)

32.3.b Other comprehensive income and expenses that will be classified in profit or loss statement

	30.06.2018		31.12.2017	
	LC	FC	LC	FC
Actuarial gains / (loss)	(146.040)	--	(52.371)	--
Deferred tax profit / (loss)	11.352	--	--	--
	(134.688)	--	(52.371)	--

Actuarial Gains/Loss

	30.06.2018	31.12.2017
Beginning of the period	(52.371)	--
Increase / decrease during the period, net	(82.317)	(52.371)
Ending of the period	(134.688)	(52.371)



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(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))**32. EQUITY – (Cont'd)****32.4. Profit Reserves**

	30.06.2018		31.12.2017	
	LC	FC	LC	FC
Legal reserves	5.366.257	--	4.188.387	--
Extraordinary reserves	24.640.241	--	21.987.951	--
	30.006.498	--	26.176.338	--

32.5. Retained Earnings

None. (December 31, 2017 – None.)

32.6. Minority Interests

None. (December 31, 2017 – None.)

33. FACTORING INCOME

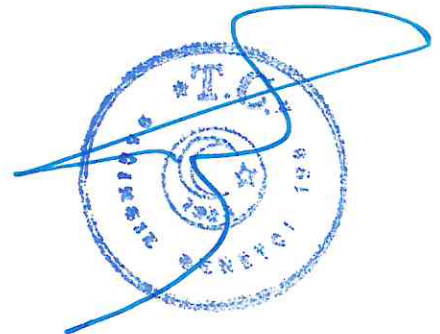
	January, 01 – June 30, 2018	April, 01 - June 30, 2018	January, 01 – June 30, 2017	April, 01 - June 30, 2017
Interest income	48.711.552	25.421.888	44.227.874	20.928.686
Fee and commission income	1.332.738	544.784	1.163.359	573.067
	50.044.290	25.966.672	45.391.233	21.501.753

34. FINANCE LOAN INCOME

None. (January 01-June 30, 2017 – None.)

35. LEASING INCOME

None. (January 01-June 30, 2017 – None.)



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AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS

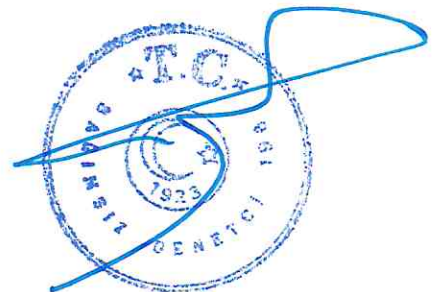
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

36. FINANCIAL EXPENSES

	January, 01 – June 30, 2018	April, 01 - June 30, 2018	January, 01 – June 30, 2017	April, 01 - June 30, 2017
Interest paid to the loans used (Domestic)	(32.070.342)	(17.192.977)	(22.366.843)	(11.040.278)
Interest paid to the loans used (Abroad)	(212.723)	(118.894)	--	--
Interest expense on issued securities	--	--	(3.092.918)	(1.565.209)
Other interest expense	--	--	--	--
Fees and commission expenses	(1.761.450)	(919.223)	(1.463.530)	(718.803)
	(34.044.515)	(18.231.094)	(26.923.291)	(13.324.290)

37. OPERATING EXPENSES

	January, 01 – June 30, 2018	April, 01 - June 30, 2018	January, 01 – June 30, 2017	April, 01 - June 30, 2017
Personnel expenses	(3.419.339)	(1.670.905)	(3.094.844)	(1.480.497)
Provision for severance payment	(3.147)	--	(7.188)	(7.188)
Other expenses	(102.978)	(66.726)	(68.270)	(25.174)
General operating expenses	(1.787.424)	(829.430)	(1.616.983)	(754.689)
Office rent and dues	(240.800)	(120.600)	(256.724)	(128.462)
Bank transaction costs	(276.869)	(83.816)	(290.930)	(149.121)
Vehicle rental expenses	(247.750)	(150.479)	(210.930)	(107.017)
Subscription fees	(111.738)	(64.836)	(149.914)	(64.092)
Depreciation and amortization expenses	(141.228)	(70.331)	(119.610)	(58.397)
Consultancy expenses	(215.130)	(48.794)	(148.145)	(30.236)
IT expenses	(143.375)	(55.654)	(110.135)	(55.486)
Legal cases expenses	(20.585)	(9.397)	(12.142)	(5.827)
Office expenses	(87.426)	(43.658)	(49.900)	(21.209)
Fuel expenses	(69.337)	(35.193)	(59.542)	(29.191)
Taxes and fees	(74.099)	(33.975)	(53.009)	(31.978)
Communication expenses	(23.800)	(14.510)	(30.159)	(17.727)
Transportation expenses	(25.060)	(13.013)	(23.608)	(15.218)
Stationery expenses	(29.307)	(17.545)	(20.856)	(10.733)
Travel expenses	(32.559)	(41.549)	(15.241)	(9.669)
Repair and maintenance expenses	(3.913)	(1.746)	(7.240)	(725)
Other	(44.449)	(24.335)	(58.897)	(19.603)
	(5.312.888)	(2.567.061)	(4.787.284)	(2.267.548)



AK FAKTORİNG ANONİM ŞİRKETİ**AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS**
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))**38. OTHER OPERATING INCOME**

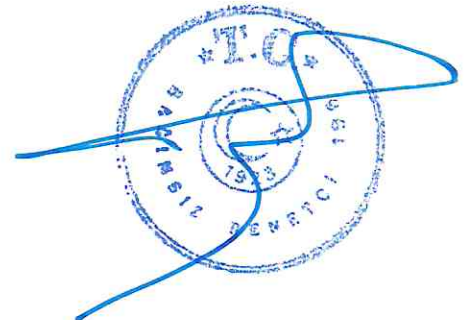
	January, 01 – June 30, 2018	April, 01 - June 30, 2018	January, 01 – June 30, 2017	April, 01 - June 30, 2017
Foreign exchange profits	3.057.690	2.383.716	388.090	--
Interest income from banks	--	--	1.741	--
No longer required provision for factoring receivables (Note 15)	265.787	--	--	--
Interest income from securities	760.000	760.000	--	--
Other income except interest	171.689	(43.278)	477.438	52.729
<i>Other</i>	171.689	(43.278)	477.438	52.729
	4.255.166	3.100.438	867.270	52.729

39. PROVISION FOR NON-PERFORMING RECEIVABLES

	January, 01 – June 30, 2018	April, 01 - June 30, 2018	January, 01 – June 30, 2017	April, 01 - June 30, 2017
Special provision for non-performing receivables expenses (Note:15)	(2.769.934)	(828.128)	(9.818.796)	(1.820.197)
	(2.769.934)	(828.128)	(9.818.796)	(1.820.197)

40. OTHER OPERATING EXPENSES

	January, 01 – June 30, 2018	April, 01 - June 30, 2018	January, 01 – June 30, 2017	April, 01 - June 30, 2017
Foreign exchange losses	(4.290.093)	(2.799.019)	(277.963)	(67.529)
	(4.290.093)	(2.799.019)	(277.963)	(67.529)



AK FAKTORİNG ANONİM ŞİRKETİ**AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS**
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))**41. EARNINGS PER SHARE**

	January, 01 – June 30, 2018	April, 01 - June 30, 2018	January, 01 – June 30, 2017	April, 01 - June 30, 2017
Total issued shares at the beginning of the period	25.500.000	25.500.000	25.500.000	25.500.000
Issued bonus shares	--	--	--	--
Total issued shares at the end of the period	25.500.000	25.500.000	25.500.000	25.500.000
Total issued weighted average shares	18.728.022	18.728.022	18.728.022	18.728.022
Net profit / (loss) (TRY)	6.237.031	3.701.071	3.539.718	3.265.194
Earnings per share (%)	33,30%	19,76%	18,90%	17,43%
Earnings per share (TRY)	0,33 TRY	0,20 TRY	0,19 TRY	0,17 TRY

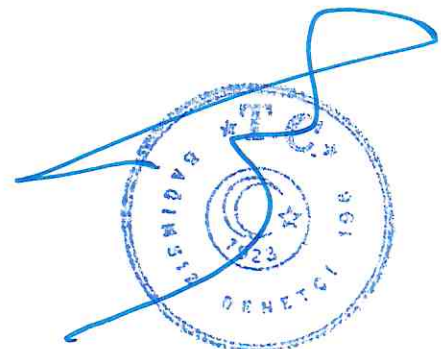
There is no privilege to participate in the profit of the company.

42. DISCLOSURE OF RELATED PARTY**42.1. Receivables from Related Parties**

Receivables from related parties	30.06.2018	31.12.2017
<u>Receivables from group companies</u>		
<i>Altınhas Holding A.Ş.</i>	1.014	--
<i>Final Varlık Yönetim A.Ş.</i>	7.879	630
<i>Birikim Varlık Yönetim A.Ş.</i>	1.000	--
Total	9.893	630

42.2. Due to Related Parties

Due to related parties	30.06.2018	31.12.2017
<u>Due to group companies</u>		
<i>Altınhas Holding A.Ş. (Other)</i>	--	--
<i>Altınhas Holding A.Ş. (Trade)</i>	26.273	431.695
Total	26.273	431.695



AK FAKTORİNG ANONİM ŞİRKETİ**AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS**
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))**42. DISCLOSURE OF RELATED PARTY – (Cont'd)****42.3. Guarantee, Pledges, Mortgages from Related Parties**

Pledge	30.06.2018	31.12.2017
TRY		
EURO	696.466.641	698.388.161
USD	4.000.000	4.000.000
	18.300.000	18.300.000

42.4. Payments to Related Parties (Expenses)

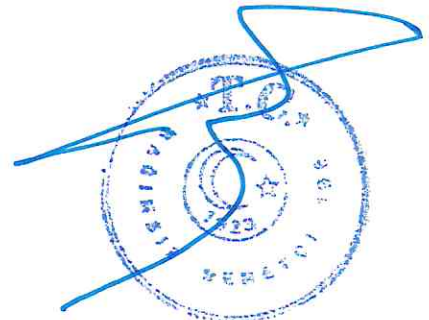
	30.06.2018	31.12.2017
Altınhas Holding A.Ş.	2.782.367	8.830.818
Office rent and building	240.800	610.018
IT expenses	84.647	107.537
Pledge commission	1.761.450	3.047.719
Vehicle rent and fuel expenses	308.884	568.240
Interest expenses	317.666	4.402.268
Miscellaneous expenses	68.920	95.036
Albank LTD. ŞTİ.	253.709	--
Interest expenses	203.787	--
Commission fee expenses	49.922	--
	3.036.076	8.830.818

42.5 Income from Related Parties (Profits)

	30.06.2018	31.12.2017
Final Varlık Yönetim A.Ş.	760.000	219.186
Total	760.000	219.186

42.6. Fees and Similar Benefits Paid to Senior Managers

	30.06.2018	31.12.2017
Fees and similar benefits	360.924	689.667
	360.924	689.667



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

43. CONTINGENT ASSETS AND LIABILITIES

43.1. Off Balance Sheet Commitments

a) Guarantees Taken

30 June 2018 and 31 December 2017, the guarantees received against the Company's factoring receivables are as follows;

	30.06.2018		31.12.2017	
	LC	FC	LC	FC
Guarantee checks taken from customers	2.600.774.769	--	2.457.172.529	--
Guarantee notes taken from customers	--	312.800	137.000	7.324.018
Customer mortgages taken	124.000.000	--	199.000.000	--
Customer pledges taken	9.549.500	--	9.572.500	--
Customer countervailing bonds	90.755.000	--	--	--
	2.825.079.269	312.800	2.665.882.029	7.324.018

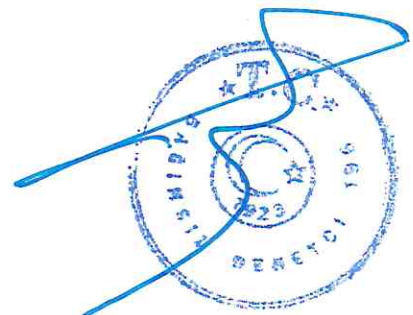
b) Guarantees, Pledges and Mortgages Given (GPM)

	30.06.2018		31.12.2017	
	LC	FC	LC	FC
Letter of guarantee given	3.287.508	--	3.143.103	--
	3.287.508	--	3.143.103	--

43.2. Escrow Securities

As of 30 June 2018 and 31 December 2017, the assets held by the Company as factoring receivables are as follows;

	30.06.2018		31.12.2017	
	LC	FC	LC	FC
Customer cheques	388.923.200	33.404.657	390.305.603	15.434.044
Customer notes	60.266.083	6.394.245	86.176.893	15.429.251
	449.189.283	39.798.902	476.482.496	30.863.295



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

43. CONTINGENT ASSETS AND LIABILITIES – (Cont'd)

43.3. Ongoing Lawsuits:

As of June 30, 2018:

The Company has started legal follow-up for TRY 22.746.061 of total TRY 32.451.443.

In the accompanying financial statements, the necessary provisions are made with respect to the ongoing lawsuits filed by the Company

As of December 31, 2017:

The Company has started legal follow-up for TRY 20.241.914 of total TRY 32.919.922.

In the accompanying financial statements, the necessary provisions are made with respect to the ongoing lawsuits filed by the Company.

44. COMMITMENTS

None. (December 31, 2017 - None.)

45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

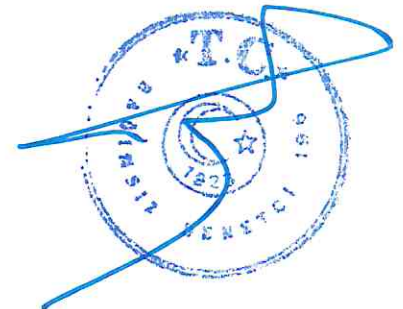
Risk Management Objectives and Principles

The significant financial instruments of Company are receivables from factoring operating, bank loans, bonds payables and financial payables that includes funds which was used by related parties. The main aim of these financial instruments is to operate the main activity and provide the funding source. The most important risks arising from the financial instruments of the Company are interest rate risk, liquidity risk, exchange risk and credit risk. The Company follows the related risks summarized below and developing policies mentioned below for those risks.

Credit Risk

Credit risk is the risk of suffering loss in terms of financial because of not meeting the obligation of financial instrument by the other side. The Company tries to manage the credit risk by limiting transactions and constantly valuating the reliability of the parties to whom it relates. According to company procedures, all customers who want to work with credits are passed through loan review stages and necessary guarantees are taken. In addition, the receivables are continuously monitored and the Company's suspicious credit / receivable risk is minimized.

The carrying values in the statement of financial position reflect the Company's maximum credit risk.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS

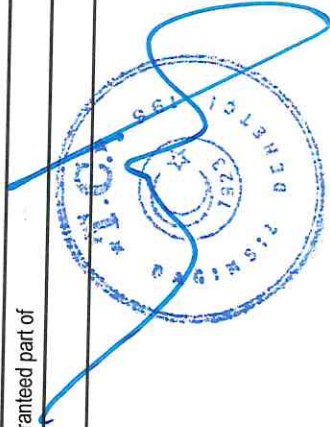
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)

Risk Management Objectives and Principles – (Cont'd)

Credit Risk – (Cont'd)

	June 30, 2018												Held assets until to maturity Financial loans Related party
	Receivables												
	Trade receivables			Doubtful receivables			Financial loans			Other receivables			
Related Party	Other Party		Related Party	Other Party		Related Party	Other Party		Related Party	Other Party			
Maximum credit risk to which the company exposed as of the date of reporting (A+B+C+D+E)	--	403.864.644	--	--	9.705.382	--	--	--	--	--	2.300.432	156.228	--
- Part of maximum risk that is secured with guarantee	--	133.549.500	--	--	--	--	--	--	--	--	--	--	--
A. Net book values of financial assets which are not overdue or exposed to decrease in value	--	403.864.644	--	--	--	--	--	--	--	--	2.300.432	156.228	--
B. Book values of financial assets of which conditions are renegotiated otherwise exposed to overdue or decrease in value	--	--	--	--	--	--	--	--	--	--	--	--	--
C. Net book values of assets of which are overdue but not have decreased values	--	--	--	--	9.705.382	--	--	--	--	--	--	--	--
- Overdue (Gross book value)	--	--	--	--	32.451.443	--	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	(22.746.061)	--	--	--	--	--	--	--	--
- Net value collateralized or guaranteed part of	--	--	--	--	--	--	--	--	--	--	--	--	--
-Not overdue (Gross book value)	--	--	--	--	--	--	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--	--	--	--	--	--	--
- Net value collateralized or guaranteed part of	--	--	--	--	--	--	--	--	--	--	--	--	--
D. Off-balance sheet risk	--	--	--	--	--	--	--	--	--	--	--	--	--



AK FAKTORING ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS

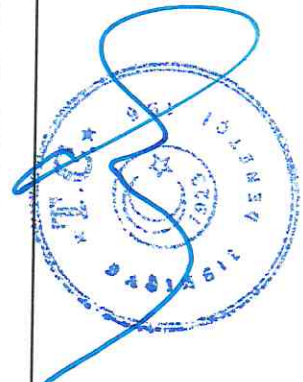
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)

Risk Management Objectives and Principles – (Cont'd)

Credit Risk – (Cont'd)

	December 31, 2017														
	Trade receivables			Doubtful receivables				Financial loans				Other receivables		Banks Doubtful receivables Related party	Held assets until to maturity Financial loans Related party
	Related Party	Other Party		Related Party	Other Party	Related Party	Other Party	Related Party	Other Party	Related Party	Other Party				
Maximum credit risk to which the company exposed as of the date of reporting (A+B+C+D+E)	--	414.595.122	--	--	12.678.008	--	--	--	--	--	2.076.432	--	609.626	--	
- Part of maximum risk that is secured with guarantee	--	208.572.500	--	--	--	--	--	--	--	--	--	--	--	--	
A. Net book values of financial assets which are not overdue or exposed to decrease in value	--	414.595.122	--	--	--	--	--	--	--	--	2.076.432	--	609.626	--	
B. Book values of financial assets of which conditions are renegotiated otherwise exposed to overdue or decrease in value	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
C. Net book values of assets of which are overdue but not have decreased values	--	--	--	--	12.678.008	--	--	--	--	--	--	--	--	--	
- Overdue (Gross book value)	--	--	--	--	32.919.922	--	--	--	--	--	--	--	--	--	
- Impairment (-)	--	--	--	--	(20.241.914)	--	--	--	--	--	--	--	--	--	
- Net value collateralized or guaranteed part of	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
-Not overdue (Gross book value)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
- Impairment (-)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
- Net value collateralized or guaranteed part of	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
D. Off-balance sheet risk	--	--	--	--	--	--	--	--	--	--	--	--	--	--	



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)

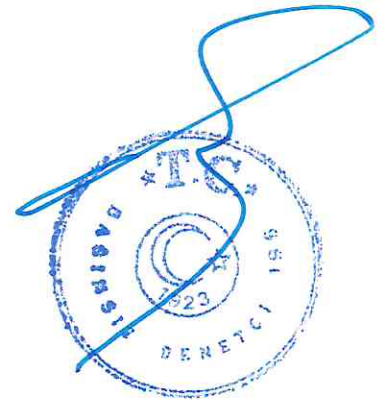
Risk Management Objectives and Principles – (Cont'd)

Liquidity Risk

Liquidity risk is the risk that a company cannot meet its funding needs. Liquidity risk is reduced by balancing cash inflows and outflows with the support of credits given by reliable lenders.

The details of financial assets and liabilities according to their maturity is presented considering the period of the financial statement to the maturity date.

The maturity details of non-derivative financial liabilities as of 30 June 2018 and 31 December 2017 is as follows.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)

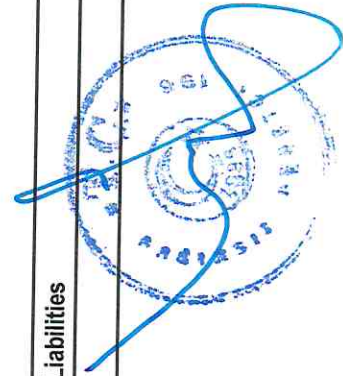
Risk Management Objectives and Principles – (Cont'd)

Liquidity Risk – (Cont'd)

The maturity details of non-derivative financial liabilities as of 30 June 2018 is as follows.

Maturity according to contracts	Book Value	Cash outflow according to agreement (=I+II+III+IV)	Up to 3 months (I)	3-12 months (II)	1-5 years (III)	5 years and more (IV)
Non-Derivative Financial Liabilities	363.695.193	363.695.193	563.997	363.131.196		
Loans	363.131.196	363.131.196	--	363.131.196		--
Factoring payables	563.997	563.997	563.997	--	--	--
Issued securities	--	--	--	--	--	--

Expected Maturity	Book Value	Cash outflow according to agreement (=I+II+III+IV)	Up to 3 months (I)	3-12 months (II)	1-5 years (III)	5 years and more (IV)
Non-Derivative Financial Liabilities	82.120	82.120	82.120			
Other payables	82.120	82.120	82.120	--	--	--



AK FAKTORING ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)

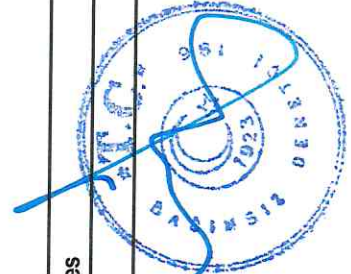
Risk Management Objectives and Principles – (Cont'd)

Liquidity Risk – (Cont'd)

The maturity details of non-derivative financial liabilities as of 31 December 2017 is as follows.

Maturity according to contracts	Book Value	Cash outflow according to agreement (=I+II+III+IV)	Up to 3 months (I)	3-12 months (II)	1-5 years (III)	5 years and more (IV)
Non-Derivative Financial Liabilities	372.950.185	372.950.185	211.867.694	161.082.491		
Loans	371.975.105	371.975.105	210.892.614	161.082.491		
Factoring payables	975.080	975.080	975.080			
Issued securities	--	--	--	--	--	--

Expected Maturity	Book Value	Cash outflow according to agreement (=I+II+III+IV)	Up to 3 months (I)	3-12 months (II)	1-5 years (III)	5 years and more (IV)
Non-Derivative Financial Liabilities	514.967	514.967	514.967			
Other payables	514.967	514.967	514.967			



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)

Risk Management Objectives and Principles – (Cont'd)

Market Risk:

Market risk is the risk of affect the Company negatively depending the changes in interest, foreign exchange rates, and other financial contracts. The main risk for the Company is the changes in interest and foreign exchange rate.

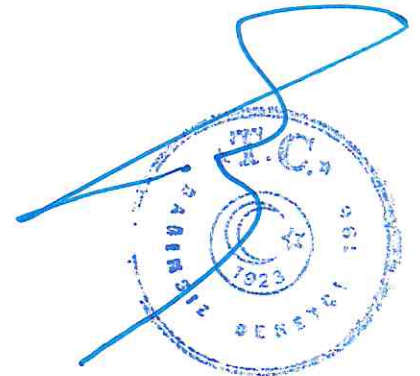
a) Foreign Exchange Position and Sensitivity Analysis

The Company is exposed to foreign currency risk because of the exchange rate using in translation of assets and liabilities to local currency. Company analysis the foreign exchange risk with foreign currency.

	30.06.2018	31.12.2017
Assets in foreign currency (*)	16.874.505	8.478.021
Liabilities in foreign currency (-) (**)	(24.180.565)	(14.626.397)
Net foreign currency position	(7.306.060)	(6.148.376)

(*) Total of indexed to foreign currency and foreign currency factoring receivables

(**) Indexed to foreign currency bank loans



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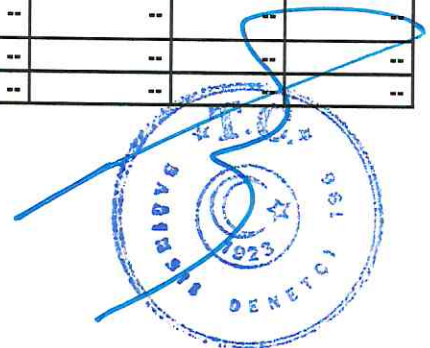
AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)

Risk Management Objectives and Principles – (Cont'd)

a) Foreign Exchange Position and Sensitivity Analysis – (Cont'd)

Foreign Exchange Position				
June 30, 2018				
	TRY Equivalent (Reporting Currency)	USD	EUR	GBP
1. Factoring Receivables	16.874.505	618.670	2.646.903	--
2a. Monetary Financial Assets (including cash, banks)	--	--	--	--
2b. Non-monetary financial assets	--	--	--	--
3. Other	--	--	--	--
4. Current Assets (1+2+3)	16.874.505	618.670	2.646.903	--
5. Factoring Receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. Non-Current Assets (5+6+7)	--	--	--	--
9. Total Assets (4+8)	16.874.505	618.670	2.646.903	--
10. Factoring Payables	--	--	--	--
11. Financial Liabilities	24.180.565	599.239	2.575.212	1.300.000
12a. Other monetary financial liabilities	--	--	--	--
12b. Other non-monetary financial liabilities	--	--	--	--
13. Current Liabilities (10+11+12)	24.180.565	599.239	2.575.212	1.300.000
14. Factoring Payables	--	--	--	--
15. Financial Liabilities	--	--	--	--
16a. Other monetary financial liabilities	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--
17. Non-Current Liabilities (14+15+16)	--	--	--	--
18. Total Liabilities (13+17)	24.180.565	599.239	2.575.212	1.300.000
19. Net asset / liability position of off- balance sheet derivative instruments	--	--	--	--
19a. Hedged amount of assets	--	--	--	--
19b. Hedged amount of liabilities position	--	--	--	--
20. Net foreign currency position asset / liabilities (9-18+19)	(7.306.060)	19.431	71.691	(1.300.000)
21. Net foreign currency asset/liability position of monetary items	(7.306.060)	19.431	71.691	(1.300.000)
22. Fair value of derivative instruments used in foreign currency hedge	--	--	--	--
23. Hedged of foreign currency assets	--	--	--	--
24. Hedged of foreign currency liabilities	--	--	--	--
25. Export	--	--	--	--
26. Import	--	--	--	--



AK FAKTORİNG ANONİM ŞİRKETİ

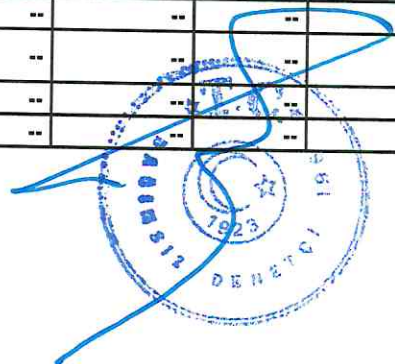
AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)

Risk Management Objectives and Principles – (Cont'd)

a) Foreign Exchange Position and Sensitivity Analysis – (Cont'd)

Foreign Exchange Position				
December 31, 2017				
	TRY Equivalent (Reporting Currency)	USD	EUR	GBP
1. Factoring Receivables	8.445.141	995.977	1.038.294	--
2a. Monetary Financial Assets (including cash, banks)	32.880	--	--	6.472
2b. Non-monetary financial assets	--	--	--	--
3. Other	--	--	--	--
4. Current Assets (1+2+3)	8.478.021	995.977	1.038.294	6.472
5. Factoring Receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. Non-Current Assets (5+6+7)	--	--	--	--
9. Total Assets (4+8)	8.478.021	995.977	1.038.294	6.472
10. Factoring Payables	--	--	--	--
11. Financial Liabilities	14.626.397	939.815	991.500	1.300.000
12a. Other monetary financial liabilities	--	--	--	--
12b. Other non-monetary financial liabilities	--	--	--	--
13. Current Liabilities (10+11+12)	14.626.397	939.815	991.500	1.300.000
14. Factoring Payables	--	--	--	--
15. Financial Liabilities	--	--	--	--
16a. Other monetary financial liabilities	--	--	--	--
16b. Other non-monetary financial liabilities	--	--	--	--
17. Non-Current Liabilities (14+15+16)	--	--	--	--
18. Total Liabilities (13+17)	14.626.397	939.815	991.500	1.300.000
19. Net asset / liability position of off- balance sheet derivative instruments	--	--	--	--
19a. Hedged amount of assets	--	--	--	--
19b. Hedged amount of liabilities position	--	--	--	--
20. Net foreign currency position asset / liabilities (9-18+19)	(6.148.376)	56.162	46.794	(1.293.528)
21. Net foreign currency asset/liability position of monetary items	(6.148.376)	56.162	46.794	(1.293.528)
22. Fair value of derivative instruments used in foreign currency hedge	--	--	--	--
23. Hedged of foreign currency assets	--	--	--	--
24. Hedged of foreign currency liabilities	--	--	--	--
25. Export	--	--	--	--
26. Import	--	--	--	--



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(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)

Foreign Currency Sensitivity Analysis

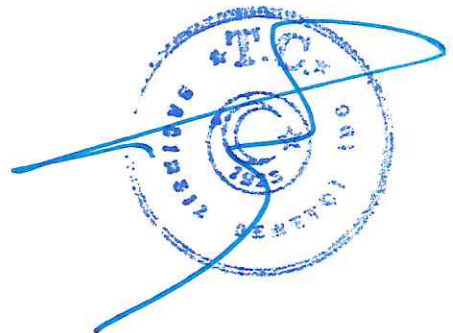
Foreign Currency Risk:

Company uses the foreign exchange position to dedicate the foreign currency risk. According to the foreign exchange position, Company measures foreign currency risk periodically that will arise from changes in the foreign exchange rate.

Foreign currency risk is being controlled by balancing the assets and liabilities in the foreign currency. In this context, foreign exchange position is estimated by considering the changes in assets and liabilities in the foreign currency in the next interim financial period. After estimating the foreign exchange position, Company determines the derivative product and the volume of the derivate product that may be used according to the conditions of the market and expectations. If the exchange currency position is open, Company is buyer of foreign currency. If the exchange currency position is close, Company is seller of foreign currency and apply to derivative transactions.

The Company's foreign currency risk-sensitive financial assets are cash in foreign currency (cash, deposits in the bank), factoring receivables in foreign currencies and other receivables in foreign currencies and current assets. The Company's foreign currency risk-sensitive financial liabilities are trade payables and bank loans that is indexed to bank loans.

	30.06.2018		31.12.2017	
	At balance sheet date	At the report date	At balance sheet date	At the report date
USD	4,5607	5,2634	3,7719	3,7721
EUR	5,3092	6,0999	4,5155	4,7088
GBP	5,9810	6,8127	5,0803	5,2894



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AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS

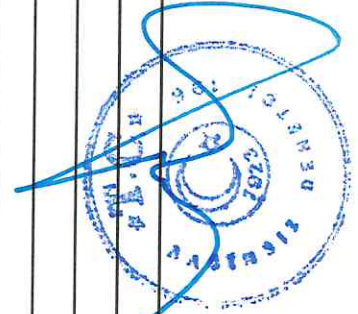
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)

Foreign Currency Sensitivity Analysis– (Cont'd)

As of balance sheet date, the effect of changes in foreign exchange rate to foreign currency position:

Foreign Currency Sensitivity Analysis					
June 30, 2018					
	Profit/Loss		Equity		
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency	Depreciation of foreign currency
In case of appreciation / depreciation of USD against TRY at 10%					
1- USD net asset/liabilities	8.862	(8.862)			
2- Part of hedged (-)	--	--	--	--	--
3- USD net effect (1+2)	8.862	(8.862)	--	--	--
In case of appreciation / depreciation of EUR against TRY at 10%					
4- EUR net asset/liabilities	38.062	(38.062)			
5- Part of hedged (-)	--	--	--	--	--
6- EUR USD net effect (4+5)	38.062	(38.062)	--	--	--
In case of appreciation / depreciation of GBP against TRY at 10%					
7- GBP net asset/liabilities	(777.530)	777.530			
8- Part of hedged (-)	--	--	--	--	--
9- Other net effect (7+8)	(777.530)	777.530	--	--	--
TOTAL (3+6+9)	(730.606)	730.606	--	--	--



AK FAKTORING ANONİM ŞİRKETİ

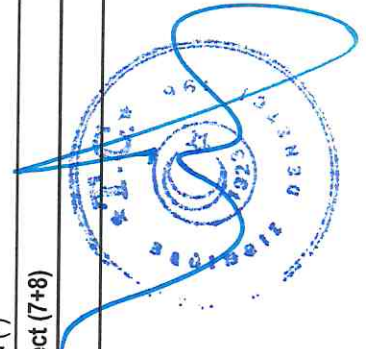
AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)

Foreign Currency Sensitivity Analysis-- (Cont'd)

Foreign Currency Sensitivity Analysis					
December 31, 2017					
	Profit/Loss			Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of appreciation / depreciation of USD against TRY at 10%					
1- USD net asset/liabilities	21.184	(21.184)			
2- Part of hedged (-)	--	--		--	--
3- USD net effect (1+2)	21.184	(21.184)		--	--
In case of appreciation / depreciation of EUR against TRY at 10%					
4- EUR net asset/liabilities	21.130	(21.130)			
5- Part of hedged (-)	--	--		--	--
6- EUR USD net effect (4+5)	21.130	(21.130)		--	--
In case of appreciation / depreciation of GBP against TRY at 10%					
7- GBP net asset/liabilities	(657.151)	657.151			
8- Part of hedged (-)	--	--		--	--
9- Other net effect (7+8)	(657.151)	657.151		--	--
TOTAL (3+6+9)	(614.837)	614.837		--	--



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AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)

a) Interest Rate Position and Sensitivity Analysis

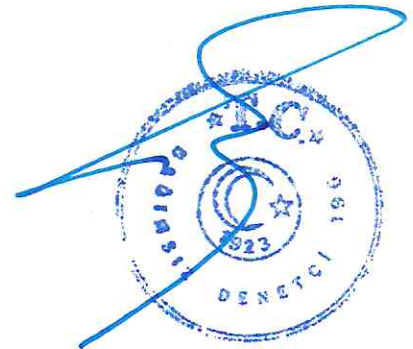
Interest Rate Position:

The Company's sensitive financial assets are factoring receivables and sensitive financial liabilities, bank loans, issued securities and payables to related parties.

The Company manages payments and receivables with similar maturities, so they project to balance interest increase and decrease.

Weighted average interest rates applied to sensitive assets and liabilities of the Company are as follows:

	30.6.2018				31.12.2017				
	%	TRY	USD	EUR	GBP	TRY	USD	EUR	GBP
<u>Assets</u>									
Bank deposits	--	--	--	--	--	--	--	--	--
Financial assets held for trading	--	--	--	--	--	--	--	--	--
Factoring receivables	26,97	10,71	10,84	--	22,65	10,35	7,75	--	--
<u>Liabilities</u>									
Loans	20,80	6,36	5,02	5,10	17,10	5,73	4,60	5,10	--
Factoring payables	--	--	--	--	--	--	--	--	--
Issued securities	--	--	--	--	--	--	--	--	--



AK FAKTORİNG ANONİM ŞİRKETİ**AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS**

(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

45. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS – (Cont'd)**b) Interest Rate Position and Sensitivity Analysis – (Cont'd)**

The interest position of the Company is as follows.

Interest Position		
	30.Jun.18	31.Dec.17
Fixed interest financial instruments	87.387.126	66.488.430
Factoring receivables	403.864.644	414.595.122
Loans (-)	(315.913.521)	(347.131.612)
Factoring payables (-)	(563.997)	(975.080)
Variable rate financial instruments	(47.217.675)	(24.843.493)
Financial assets for trading	--	--
Loans (-)	(47.217.675)	(24.843.493)
Issued securities (-)	--	--

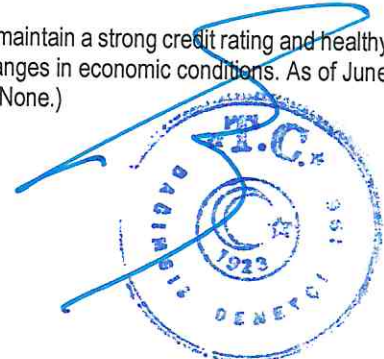
Capital Risk Management Policies and Procedures

In capital management, the Company aims at enhancing profitability while keeping a reasonable leverage, on the other hand rendering sustainability in its operations.

The Company follows capital by using debt to equity ratio. This rate is found by dividing net debt to total equity. Net debt is calculated by deducting cash and cash equivalents from total payable amount as shown in balance sheet, trade and other payables and loans.

	30.06.2018	31.12.2017
Total payables	366.306.117	376.964.111
<u>Less:</u>		
Cash and cash equivalents	(2.099)	(5.532)
Banks	(156.228)	(609.626)
Net payables	366.147.790	376.348.953
Total equity	61.608.842	62.954.126
Debt/Equity Ratio	5,94%	5,98%

The primary purpose of the Board of Company is to maximize the shareholder value and maintain a strong credit rating and healthy capital ratios. The company manages and corrects capital structure according to the changes in economic conditions. As of June 30, 2018 there is not any change in purpose, politics or process. (December 31, 2017 – None.)



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF JUNE 30, 2018 NOTES TO THE FINANCIAL STATEMENTS
(Amounts are expressed in Turkish Liras (TRY unless otherwise stated))

46. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING DISCLOSURES)

The Company has determined the estimated fair values of its financial instruments by using available market information and appropriate valuation methods however, evaluating market information and estimating fair values requires interpretation and judgment. Consequently, the estimates presented may not necessarily indicative the amounts the of the Company could obtain in the market. The following methods and assumptions were used to estimate the fair value of financial instruments

Financial Assets– Monetary items in foreign currency are exchanged by using the exchange rate at the balance sheet date because they approximate their fair values. Financial assets are deemed to approximate their carrying values because having short-term maturity, making provision for possible loss according to the economic and sectoral conditions.

Financial Liabilities -- Monetary items in foreign currency are exchanged by using the exchange rate at the balance sheet date because they approximate their fair values. Financial assets and other liabilities are deemed to approximate their carrying values because having short-term maturity.

47. SUBSEQUENT EVENTS

As of 31.07.2018, General Manager of the Company Vedat Bayat resigned. Yıldırım Uzun shall act until he is appointed the new General Manager. (December 31, 2017 - None.)

48. OTHER MATTERS THAT MAY HAVE A MATERIAL EFFECT ON, OR PREVENT THE CLEAR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None. (December 31, 2017 – None)

