

**AK FAKTORİNG
ANONİM ŞİRKETİ
FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2018
AND INDEPENDENT AUDITOR'S REPORT**

INDEPENDENT AUDIT REPORT

Ak Faktoring Anonim Şirketi **The Board of Directors:**

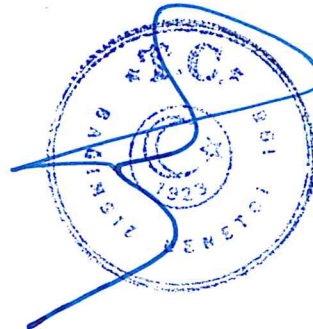
Opinion

We have audited the accompanying financial statements of **Ak Faktoring Anonim Şirketi** ("the Company"), which comprise the statement of financial position as of December 31, 2018, includes the statements of profit or loss for the 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.

According to our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ak Faktoring Anonim Şirketi (Company) as at December 31, 2018 and the results of its operations for the year then ended in accordance with explanations and notes issued by the Responsibility of The Board of Directors of the Company is creating internal control system and selection and implementation of the appropriate accounting policies in order to prepare the financial statements that are free from material misstatement in accordance with the Regulation on Accounting Applications and Financial Tables of Financial Leasing, Factoring and Financing Companies and Advice on the Uniform Chart of Accounts and Prospectus for the Financial Leasing, Factoring and Financing Companies published in the Official Newspaper No. 28861 dated 24 December 2013, Turkish Accounting Standards, Turkish Financial Reporting Standards, and other regulations published by BRSA(Banking Regulation and Supervision Agency).

Basic for Opinion

We conducted our audit in accordance with standarts on auditing as issued by the Independent Auditing Standarts (of Turkey) which are part of the Turkish Auditing Standarts as issued by the Public Oversight Accounting and Auditing Standarts Authority of Turkey (POA). Our responsibilities under those standarts are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

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

- Impairment of factoring receivables

Accounting for the impairment of factoring receivables and the recognition of losses related to receivables, the importance of the accounts, the timing of the accounting is an important area of jurisdiction for management due to the complexity and subjectivity of determining credit standing for receivables not meeting the timelines specified in the BRSA Accounting and Financial Reporting Legislation. The risk is that the factoring receivables that are subject to impairment cannot be identified and the fair value reserve for the related receivables is not set aside. The provisions for factoring receivables in the financial statements are disclosed in Note 13.

- How to deal with auditing

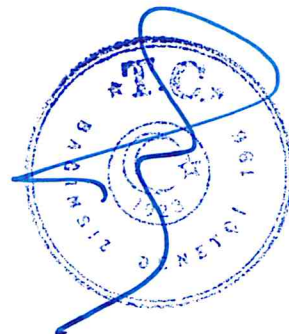
If the factoring receivables selected through sampling in the case of risk assessment are subject to impairment according to the BRSA Accounting and Financial Reporting Legislation and if they are impaired, the adequacy of the provision for the related receivables is assessed.

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

Responsibility of The Board of Directors of the Company is creating internal control system and selection and implementation of the appropriate accounting policies in order to prepare the financial statements that are free from material misstatement in accordance with the Regulation on Accounting Applications and Financial Tables of Financial Leasing, Factoring and Financing Companies and Advice on the Uniform Chart of Accounts and Prospectus for the Financial Leasing, Factoring and Financing Companies published in the Official Newspaper No. 28861 dated 24 December 2013, Turkish Accounting Standards, Turkish Financial Reporting Standards, and other regulations published by BRSA(Banking Regulation and Supervision Agency).

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

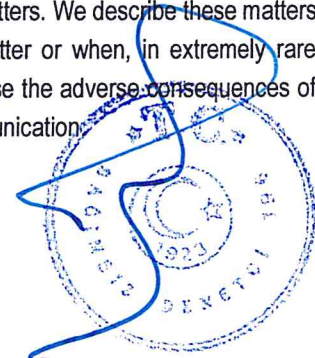
Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with IAS (of Turkey) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements. As part of an audit in accordance with IAS (of Turkey), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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



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 January 01- December 31, 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 audit and issued the requested documents.

The name of the engagement partner who supervised and concluded this audit is Özkan Cengiz.

February 28, 2019

HSY Danışmanlık ve Bağımsız Denetim A.Ş.

Member, Crowe Global



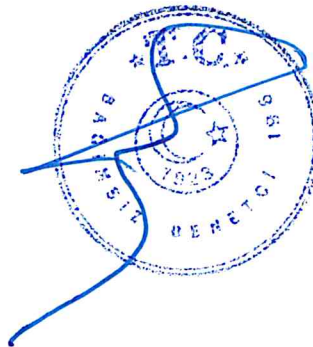
Özkan Cengiz
Partner, CPA

İstanbul ,Turkey

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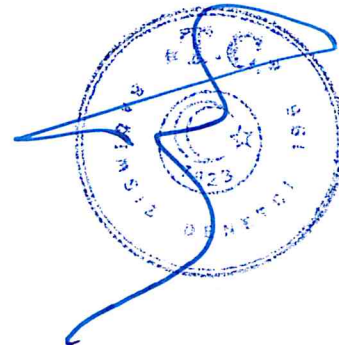
AK FAKTORING ANONİM ŞİRKETİ
STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2018 AND DECEMBER 31, 2017

ASSETS		Thousand Turkish Liras ('000 TRY)					
		Audited			Audited		
		Current Period			Prior Period		
		December 12, 2018			December 12, 2017		
Notes	TRY	FC	Total	TRY	FC	Total	
I. FINANCIAL ASSETS (Net)		10.759	--	10.759	1.542	33	1.575
1.1 Cash and Cash Equivalents	6	9.599	--	9.599	582	33	615
1.2 Financial Assets Designated at Fair Value Through Profit or Loss		--	--	--	--	--	--
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income		--	--	--	--	--	--
1.4 Financial Assets Measured at Amortised Cost	15	1.160	--	1.160	960	--	960
1.5 Derivative financial assets held for trading		--	--	--	--	--	--
1.6 Non-Performing Financial Assets		--	--	--	--	--	--
1.7 Special Provisions / Estimated Loss Provisions(-)		--	--	--	--	--	--
II. LOANS (NET)		151.772	--	151.772	427.273	--	427.273
2.1 Factoring Receivables		144.742	--	144.742	414.595	--	414.595
2.1.1 Domestic and import factoring receivables	9	96.255	--	96.255	317.375	--	317.375
2.1.2 Export factoring receivables	9	48.487	--	48.487	97.220	--	97.220
2.2 Financial Loans		--	--	--	--	--	--
2.2.1 Consumer Loans		--	--	--	--	--	--
2.2.2 Credit Cards		--	--	--	--	--	--
2.2.3 Installment Commercial Loan		--	--	--	--	--	--
2.3 Leasing		--	--	--	--	--	--
2.3.1 Leasing Receivable (Net)		--	--	--	--	--	--
2.3.1.1 Financial lease receivables		--	--	--	--	--	--
2.3.1.2 Operational lease receivables		--	--	--	--	--	--
2.3.1.3 Unearned Revenue (-)		--	--	--	--	--	--
2.3.2 Investment in Progress Subject to Leases		--	--	--	--	--	--
2.3.3 Advances Given Due to Leasing Activities		--	--	--	--	--	--
2.3.4 Other Leasing Receivables		--	--	--	--	--	--
2.4 Non-Performing Receivables (Net)		7.030	--	7.030	12.678	--	12.678
2.4.1 Non-Performing Factoring Receivables	13	12.251	--	12.251	32.920	--	32.920
2.4.2 Non-Performing Financial Loans		--	--	--	--	--	--
2.4.3 Non-Performing Leasing Receivables		--	--	--	--	--	--
2.4.4 Special Provisions (-)	13	(5.221)	--	(5.221)	(20.242)	--	(20.242)
2.5 Estimated Loss Provisions (-)		--	--	--	--	--	--
III. OWNERSHIP INVESTMENTS		--	--	--	--	--	--
3.1 Associates (Net)		--	--	--	--	--	--
3.1.1 Valued by Equity Method		--	--	--	--	--	--
3.1.2 Non-Consolidated		--	--	--	--	--	--
3.2 Related Parties (Net)		--	--	--	--	--	--
3.2.1 Unconsolidated Financial Investments in Subsidiaries		--	--	--	--	--	--
3.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		--	--	--	--	--	--
3.3 Unconsolidated Joint-Ventures		--	--	--	--	--	--
3.3.1 Valuation Under Equity Accounting Associates		--	--	--	--	--	--
3.3.2 Non-Consolidated		--	--	--	--	--	--
IV. TANGIBLE ASSETS (Net)	19	252	--	252	362	--	362
V. INTANGIBLE ASSETS (Net)	20	808	--	808	473	--	473
VI. INVESTMENT PROPERTIES		--	--	--	--	--	--
VII. CURRENT TAX ASSETS	21	--	--	--	--	--	--
VIII. DEFERRED TAX ASSETS	21	546	--	546	356	--	356
IX. OTHER ASSETS	12	2.822	--	2.822	9.880	--	9.880
SUB TOTAL		166.959	--	166.959	439.885	33	439.918
X. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		--	--	--	--	--	--
10.1 Held For Sale	22	--	--	--	--	--	--
10.2 Discontinued Operations		--	--	--	--	--	--
TOTAL ASSETS		166.959	--	166.959	439.885	33	439.918



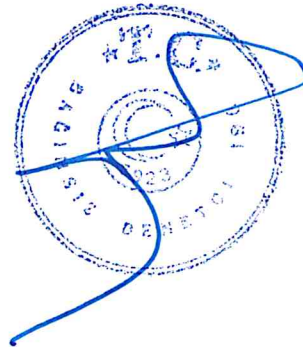
AK FAKTORİNG ANONİM ŞİRKETİ
STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2018 AND DECEMBER 31, 2017

LIABILITIES	Notes	Thousand Turkish Liras ('000 TRY)					
		Audited			Audited		
		Current Period			Prior Period		
		December 12, 2018			December 12, 2017		
	TRY	FC	Total	TRY	FC	Total	
I. FUNDS BORROWED	23	88.691	8.961	97.652	365.317	6.658	371.975
II. FACTORING PAYABLES	9	864	--	864	975	--	975
III. LEASING PAYABLES		--	--	--	--	--	--
3.1 Financial lease payables	11	--	--	--	--	--	--
3.2 Operational lease payables		--	--	--	--	--	--
3.3 Other		--	--	--	--	--	--
3.4 Deferred Financial Leasing Expenses		--	--	--	--	--	--
IV. MARKETABLE SECURITIES ISSUED (Net)		--	--	--	--	--	--
4.1 Bonds	24	--	--	--	--	--	--
4.2 Asset-backed Securities		--	--	--	--	--	--
4.3 Bills	24	--	--	--	--	--	--
V. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		--	--	--	--	--	--
VI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES		--	--	--	--	--	--
VII. PROVISIONS	25	531	--	531	538	--	538
7.1 Reserves for Restructuring		--	--	--	--	--	--
7.2 Reserves For Employee Benefits		409	--	409	416	--	416
7.3 General Provisions		--	--	--	--	--	--
7.4 Other Provisions		122	--	122	122	--	122
VIII. TAX LIABILITY	21	822	--	822	1.302	--	1.302
IX. DEFERRED TAX LIABILITY	21	--	--	--	--	--	--
X. SUBORDINATED LOANS		--	--	--	--	--	--
XI. OTHER LIABILITIES	12	874	--	874	2.174	--	2.174
SUB TOTAL		91.782	8.961	100.743	370.306	6.658	376.964
XII. PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS (NET)		--	--	--	--	--	--
12.1 Held for Sale		--	--	--	--	--	--
12.2 Discontinued Operations		--	--	--	--	--	--
XIII. SHAREHOLDERS' EQUITY		66.216	--	66.216	62.954	--	62.954
13.1 Paid-in Capital	27	25.500	--	25.500	25.500	--	25.500
13.2 Capital Reserves		--	--	--	--	--	--
13.2.1 Share Premium		--	--	--	--	--	--
13.2.2 Share Cancellation Profits		--	--	--	--	--	--
13.2.3 Other Capital Reserves		--	--	--	--	--	--
13.3 Other comprehensive income or expense that will not be reclassified subsequently to profit or loss	27	(136)	--	(136)	(52)	--	(52)
13.3 Other comprehensive income or expense that will be reclassified subsequently to profit or loss		--	--	--	--	--	--
13.4 Profit Reserves		30.006	--	30.006	26.176	--	26.176
13.5.1 Legal Reserves	27	5.366	--	5.366	4.188	--	4.188
13.5.2 Statutory Reserves		--	--	--	--	--	--
13.5.3 Extraordinary Reserves	27	24.640	--	24.640	21.988	--	21.988
13.5.4 Other Profit Reserves		--	--	--	--	--	--
13.6 Profit or Loss		10.846	--	10.846	11.330	--	11.330
13.6.1 Prior Years Profit or Loss	27	--	--	--	--	--	--
13.6.2 Current Year Profit/Loss		10.846	--	10.846	11.330	--	11.330
TOTAL LIABILITIES AND EQUITY		157.998	8.961	166.959	433.260	6.658	439.918



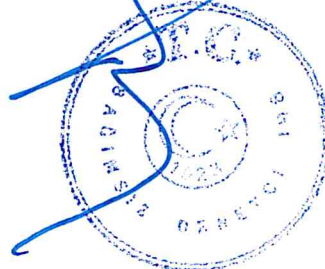
AK FAKTORİNG ANONİM ŞİRKETİ
STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF DECEMBER 31, 2018 AND DECEMBER 31, 2017

OFF-BALANCE SHEET ITEMS		Thousand Turkish Liras ('000 TRY)					
		Audited Current Period			Audited Prior Period		
		December 31, 2018			December 31, 2017		
		TRY	FC	Total	TRY	FC	Total
I.	RISK OF FACTORING OPERATIONS ASSUMED	479	--	479	2.505	--	2.505
II.	RISK OF FACTORING OPERATIONS NOT ASSUMED	20.460	--	20.460	38.742	--	38.742
III.	GUARANTEES RECEIVED	941.784	--	941.784	2.665.882	7.324	2.673.206
IV.	GUARANTEES GIVEN	6.220	--	6.220	3.143	--	3.143
V.	COMMITMENTS	--	--	--	--	--	--
5.1	Irrevocable Commitments	--	--	--	--	--	--
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	--	--	--	--	--	--
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	204.192	8.527	212.719	476.482	30.863	507.346
TOTAL STATEMENT OF OFF-BALANCE SHEET ITEMS		1.173.135	8.527	1.181.662	3.186.755	38.187	3.224.943



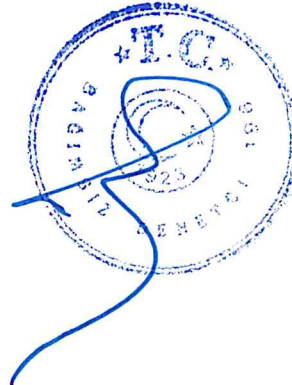
AK FAKTORING ANONİM ŞİRKETİ STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2018

INCOME STATEMENT	Notes	THOUSAND TURKISH LIRAS ('000 TRY)	
		Audited	Audited
		1 January - 31 December 2018	1 January - 31 December 2017
I. OPERATING INCOME		92.115	92.295
FACTORING INCOME	28	92.115	92.295
1.1 Factoring Interest Income		90.398	89.654
1.1.1 Discount		62.577	72.272
1.1.2 Other		27.821	17.382
1.2 Factoring Commission Income		1.717	2.641
1.2.1 Discount		1.638	2.632
1.2.2 Other		79	9
RECEIVABLES FROM FINANCIAL LOANS	29	--	--
1.3 Financial Loans Interest Income		--	--
1.4 Financial Loans Fees and Commissions Receivables		--	--
OPERATING RECEIVABLES	30	--	--
1.5 Financial Leasing Receivables		--	--
1.6 Operational Leasing Receivables		--	--
1.7 Leasing Operations Fees and Commissions Receivables		--	--
II. FINANCIAL EXPENSES (-)	31	(61.921)	(58.310)
2.1 Interest Expense on Funds Borrowed		(59.060)	(51.113)
2.2 Interest Expense on Factoring Payables		--	--
2.3 Finance Lease Expense		--	--
2.4 Interest Expense on Securities Issued		--	(4.051)
2.5 Other Interest Expenses		--	(98)
2.6 Other Fees and Commissions		(2.861)	(3.048)
III. GROSS PROFIT/LOSS (I+II)		30.194	33.985
IV. OPERATING EXPENSES (-)	32	(10.716)	(9.562)
4.1 Personnel Expenses		(6.410)	(6.055)
4.2 Retirement Pay Provision Expenses		(117)	(42)
4.3 Research and Development Expenses		--	--
4.4 General Administrative Expenses		(4.078)	(3.306)
4.5 Other		(111)	(159)
V. OPERATING GROSS PROFIT/LOSS		19.478	24.422
VI. OTHER OPERATION INCOME	33	9.025	2.347
6.1 Interest Income from Deposits		96	25
6.2 Interest Income from Reverse Repurchase Agreements		--	--
6.3 Interest Income from Marketable Securities		--	1
6.3.1 Interest Income from Financial Assets Held for Trading		--	--
6.3.2 Interest Income from Financial Assets at Fair Value Through Profit and Loss		--	--
6.3.4 Interest Income from Financial Assets Available For Sale		--	1
6.4 Interest Income from Financial Assets Held to Maturity		760	--
6.5 Dividend Income		--	--
6.6 Derivative Financial Transactions		--	--
6.7 Foreign Exchange Gains		7.383	1.642
6.8 Other		788	679
VII. PROVISIONS	34	(5.475)	(11.834)
7.1 Special Provisions		(5.475)	(11.834)
7.2 Estimated Loss Provisions		--	--
7.3 General Provisions		--	--
7.4 Other		--	--
VIII. OTHER OPERATIONS EXPENSES (-)	35	(9.167)	(779)
8.1 ASSETS HELD FOR SALE OF DISCONTINUED OPERATIONS (Net)		--	--
8.1.1 Financial Assets at Fair Value Through Profit and Loss		--	--
8.1.2 Financial Assets Available For Sale		--	--
8.2 Impairment on Tangible Assets		--	--
8.2.1 Expense from Impairment on Tangible Assets		--	--
8.2.2 Impairment on Assets Held for Sale and Discontinued Operations		--	--
8.2.3 Impairment on Intangible Assets		--	--
8.2.4 Impairment on Subsidiaries, Associates and Joint Ventures		--	--
8.3 Losses from Derivative Financial Transaction		--	--
8.4 Foreign Exchange Losses		(9.167)	(779)
8.5 Other		--	--
IX. NET OPERATING PROFIT/LOSS (V+...+VIII)		13.861	14.156
X. PROFIT AFTER MERGER		--	--
XI. PROFIT/(LOSS) FROM INVESTMENTS ACCOUNTED BY EQUITY METHOD		--	--
XII. NET MONETARY GAIN/LOSS		--	--
XIII. PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (IX+...+XII)		13.861	14.156
XIV. TAX PROVISION FOR CONTINUING OPERATIONS (±)	21.c	(3.015)	(2.826)
14.1 Current Tax Charge		(3.171)	(3.049)
14.2 Deferred Tax Charge (-)		--	--
14.3 Deferred Tax Benefit (+)		156	223
XV. NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII±XIV)		10.846	11.330
XVI. INCOME ON DISCONTINUED OPERATIONS		--	--
16.1 Income on Assets Held for Sale		--	--
16.2 Gain on Sale of Associates, Subsidiaries and Joint Ventures		--	--
16.3 Other Income on Discontinued Operations		--	--
XVII. EXPENSE ON DISCONTINUED OPERATIONS (-)		--	--
17.1 Expenses on Assets Held for Sale		--	--
17.2 Losses on Sale of Associates, Subsidiaries and Joint Venture		--	--
17.3 Other Expenses on Discontinued Operations		--	--
XVIII. PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX (XVI-XVII)		--	--
XIX. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		--	--
19.1 Current Tax Charge		--	--
19.2 Deferred Tax Charge (+)		--	--
19.3 Deferred Tax Benefit (-)		--	--
XX. NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVIII±XIX)		--	--
XXI. NET PERIOD PROFIT/LOSS (XV+XX)	36	10.846	11.330
Earnings per Share		0,58	0,60
Profit per Share from Continuing Operations		0,58	0,60
Profit per Share of Discontinued Operations		--	--
Diluted Earnings per Share		--	--
Profit per Share from Continuing Operations		--	--
Profit per Share of Discontinued Operations		--	--



AK FAKTORİNG ANONİM ŞİRKETİ OTHER COMPREHENSIVE INCOME STATEMENTS FOR THE PERIOD ENDED JANUARY 01 - DECEMBER 31 2018 AND 2017

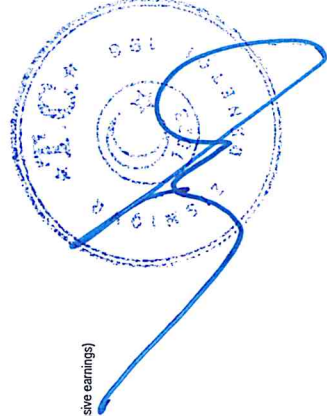
		THOUSAND TURKISH LIRAS ('000 TRY)	
		Audited	Audited
		January 01 – December 31, 2018	January 01 – December 31, 2017
I.	PERIOD INCOME/LOSS	10.846	11.330
II.	OTHER COMPREHENSIVE INCOME	(84)	(52)
2.1	ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	(84)	(52)
2.1.1	Gains/(losses) on revaluation of tangible assets	--	--
2.1.2	Gains/(losses) on revaluation of intangible assets	--	--
2.1.3	Gains/(losses) on remeasurement of defined benefit pension plans	(118)	(52)
2.1.4	Other items that will not be reclassified to profit or loss	--	--
2.1.5	Taxation on comprehensive income that will not be reclassified to profit or loss	34	--
2.2	ITEMS THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS	--	--
2.2.1	Translation differences for transactions in foreign currencies	--	--
2.2.2	Income/expenses on revaluation or reclassification of available for sale financial assets	--	--
2.2.3	Gains/(losses) from cash flow hedges	--	--
2.2.4	Gains/(losses) from net investment hedges	--	--
2.2.5	Other items that will be reclassified to profit or loss	--	--
2.2.6	Taxation on comprehensive income that will be reclassified to profit or loss	--	--
III.	TOTAL COMPREHENSIVE INCOME (I+II)	10.762	11.278



AK FAKTORING ANONİM ŞİRKETİ STATEMENT CHANGES IN EQUITY AS OF 1 JANUARY - 31 DECEMBER 2018 AND 2017

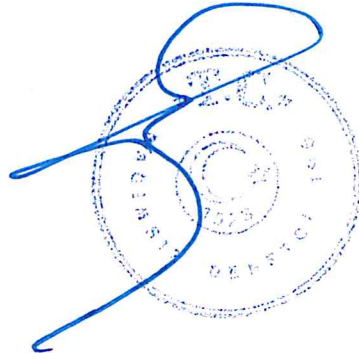
CHANGES IN EQUITY	Notes	Other accumulated comprehensive income or expenses						Reserves	THOUSAND TURKISH LIRAS			
		1	2	3	4	5	6		Prior Period Profit/Loss	Current Period Profit/Loss	Total Equity	
PRIOR PERIOD												
January 01 - December 31, 2017												
I. Balance at the Beginning of the Period	27	-	-	-	-	-	-	21.409	-	-	12.267	59.176
II. Correction Made According to TAS 8		25.500	-	-	-	-	-	-	-	-	-	-
2.1 Error Correction Influence		-	-	-	-	-	-	-	-	-	-	-
2.2 Accounting Policy Correction Effect		-	-	-	-	-	-	-	-	-	-	-
III. New Balance		25.500	-	-	-	-	-	21.409	-	-	-	59.176
IV. Total Comprehensive Income		-	(52)	-	-	-	-	-	12.267	-	12.267	(52)
XI. Net Profit or Loss for The Period		-	-	-	-	-	-	-	(12.267)	-	(12.267)	(52)
XII. Profit Distribution		-	-	-	-	-	-	-	-	-	11.330	11.330
12.1 Distributed Dividend		-	-	-	-	-	-	-	-	-	-	(7.500)
12.2 Amount Transfer to Reserves		-	-	-	-	-	-	4.767	-	-	-	4.767
12.3 Other		-	-	-	-	-	-	4.767	-	-	-	(4.767)
Balance at the End of Period (II+IV+.....+XI+XII+XIII)		25.500	(52)	-	-	-	-	26.176	-	-	11.330	62.954
CURRENT PERIOD												
January 01 - December 31, 2018												
I. Balance at the Beginning of the Period	27	-	(52)	-	-	-	-	26.176	-	-	11.330	62.954
II. Correction Made According to TAS 8		25.500	-	-	-	-	-	-	-	-	-	-
2.1 Error Correction Influence		-	-	-	-	-	-	-	-	-	-	-
2.2 Accounting Policy Correction Effect		-	-	-	-	-	-	-	-	-	-	-
III. New Balance		25.500	-	-	-	-	-	26.176	-	-	-	62.954
IV. Total Comprehensive Income		-	(52)	-	-	-	-	-	-	-	-	(94)
X. Net Profit or Loss for The Period		-	(64)	-	-	-	-	-	-	-	-	(64)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	-
XII. Distributed Dividend		-	-	-	-	-	-	-	-	-	-	-
12.1 Amount Transfer to Reserves		-	-	-	-	-	-	3.630	-	-	10.846	10.846
12.2 Other		-	-	-	-	-	-	3.630	-	-	(11.330)	(7.500)
Balance at the End of Period (II+IV+.....+XI+XII+XIII)		25.500	(136)	-	-	-	-	30.006	-	-	10.846	68.216

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
 4. Foreign currency exchange difference
 5. Fair value differences other comprehensive income transferred financial assets accumulated revaluation and / or classification of gains / losses
 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)



AK FAKTORING ANONİM ŞİRKETİ
STATEMENT OF CASH FLOW FOR THE PERIOD ENDED JANUARY 01 - DECEMBER 31, 2018 AND 2017

	Notes	THOUSAND TURKISH LIRAS ('000 TRY)	
		Audited Current Period	Audited Prior Period
		January 01 - December 31, 2018	January 01 - December 31, 2017
A. CASH FLOWS FROM OPERATING ACTIVITIES			
1.1 Operating profit before changes in operating assets and liabilities		12.367	24.947
1.1.1 Interest/Leasing income received	28	85.019	89.679
1.1.2 Interest/Leasing expenses	31	(61.920)	(55.165)
1.1.3 Leasing Expenses		--	--
1.1.4 Dividends received		760	--
1.1.5 Fees and commissions received	28	1.717	2.641
1.1.6 Other income		--	(1.603)
1.1.7 Collections from previously written off receivables		1.150	471
1.1.8 Payments to personnel and service suppliers	32	(10.716)	(9.333)
1.1.9 Taxes paid	21	(3.643)	(1.743)
1.1.10 Other		--	--
1.2 Changes in operating assets and liabilities		278.949	(25.771)
1.2.1 Net (increase) decrease in factoring receivables	9	275.502	(21.610)
1.2.1 Net (increase) decrease in financial loans		--	--
1.2.1 Net (increase) decrease in leasing receivables		--	--
1.2.2 Net (increase) decrease in other assets	12,21	5.366	(3.382)
1.2.3 Net increase (decrease) in factoring payables	9	(111)	(1.222)
1.2.3 Net (increase) decrease in leasing payable		--	--
1.2.4 Net (decrease) increase in financial loans		--	--
1.2.5 Net (increase) decrease in deferred liabilities	21	(480)	412
1.2.6 Net increase (decrease) in other liabilities	12,25,21	(1.328)	31
I. Net cash provided from operating activities		291.316	824
B. CASH FLOWS FROM INVESTING ACTIVITIES			
2.1 Cash paid for purchase of joint ventures, associates and subsidiaries		--	--
2.2 Cash obtained from sale of joint ventures, associates and subsidiaries		--	--
2.3 Fixed assets purchases	19,20	(526)	(414)
2.4 Fixed assets sales		17	13
2.5 Cash paid for purchase of financial assets available for sale		--	--
2.6 Cash obtained from sale of financial assets available for sale		--	--
2.7 Cash paid for purchase of financial assets held to maturity		--	--
2.8 Cash obtained from sale of financial assets held to maturity		--	--
2.9 Other		--	--
II. Net cash provided from investing activities		(509)	(401)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
3.1 Cash obtained from funds borrowed and securities issued		--	8.640
3.2 Cash used for repayment of funds borrowed and securities issued	23	(274.323)	--
3.3 Capital increase		--	--
3.4 Dividends paid		(7.500)	(7.500)
3.5 Payments for finance leases		--	--
3.6 Other		--	--
III. Net cash provided from financing activities		(281.823)	1.140
IV. Effect of change in foreign exchange rate on cash and cash equivalents		--	--
V. Net increase in cash and cash equivalents (decrease)		8.984	85
VI. Cash and cash equivalents at the beginning of the period	6	615	700
VII. Cash and cash equivalents at the end of the period	6	9.599	615



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Thousand Turkish Liras ('000 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:

	31.12.2018		31.12.2017	
	%	Tutarı	%	Tutarı
Altınhas Holding A.Ş.	100,00%	25.500	100,00%	25.500
İnan Altınbaş	> 1	0,075	> 1	0,075
Hüseyin Altınbaş	> 1	0,075	> 1	0,075
Paladyum Eğitim Yayıncılık İnş. San. Ve Tic. A.Ş.	> 1	0,075	--	--
Altınhas Gayrimenkul A.Ş.	> 1	0,075	--	--
Atilla Keskin	--	--	> 1	0,075
Vedat Bayat	--	--	> 1	0,075
	100,00%	25.500	100,00%	25.500

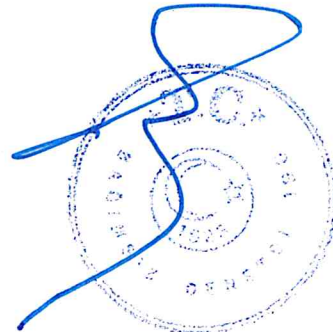
As of December 31, 2018, the number of employees is 44. (December 31, 2017 - 47).

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1. Basis of Presentation

2.1.1. Applied Accounting Standards

The Company prepares its financial statements in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulations" including the communique on "Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies and on Financial Statements to be announced to Public" published in the Official Gazette dated 24 December 2013 and numbered 28861 and the "Regulation on Principles For Establishment And Operations Of Financial Leasing, Factoring and Financing Companies" and other regulations, communiqués and circulars published by the BRSA and Turkish Accounting Standards ("TAS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA") for the matters not legislated by the aforementioned regulations (together "the BRSA Accounting and Financial Reporting Legislation").



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

2.1. Basis of Presentation (Cont'd)

Changes regarding classification and measurement of financial assets

IFRS 9, effective as of 1 January 2018, regulates the accounting and measurement of financial assets and financial liabilities. This standard has replaced TAS 39 Financial Instruments: Recognition and Measurement. Amendments to IFRS 9 affect the measurement of financial assets and the measurement of financial liabilities that are measured at fair value through profit or loss and require the presentation of the classification of the fair value of the financial liabilities related to the credit risk in the other comprehensive income table. IFRS 9 substantially preserves the existing provisions of TAS 39 for the classification and measurement of financial liabilities.

Within the scope of "Regulation on Making Amendments to the Regulation on Accounting Practices and Financial Statements of Leasing, Factoring and Financing Companies" published in the Official Gazette dated 2 May 2018 and numbered 30409, companies are entitled to reserve for the expected credit loss allowance under IFRS 9 and the effective date of the regulation is 30 September 2018. The Company has not applied to the BRSA for the right to reserve expected loan loss provision under IFRS 9 during 31 December 2018. The Company evaluates the expected credit loss calculation in accordance with IFRS 9.

2.1.2. Functional and Reporting Currency

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

2.1.3. Adjustment of Financial Statements in Hyperinflationary Periods

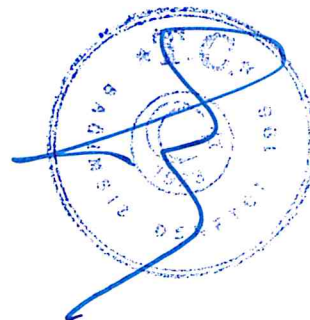
The Company's financial statements have been subject to inflation adjustments in accordance with "Turkish Accounting Standard related to Financial Reporting in Hyperinflationary Economies" ("TAS 29") until December 31, 2004. The indicators that require inflation accounting application is stated to have 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

Significant changes in accounting policies and identified significant accounting errors are applied, retrospectively and the prior period financial statements are restated. The Company has applied their accounting policies consistent with the previous financial year.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

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

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 update.

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.

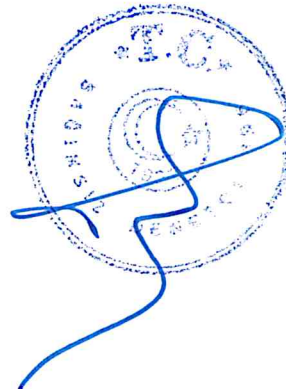
In order to prepare the financial statements in accordance with TFRS 9, the amendment to the Regulation and the amendments made to the financial statements as of 2 May 2018 is effective September 30, 2018. For this reason, the financial statements and related notes are presented comparatively in the accompanying financial statements as of 31 December 2018 and 31 December 2017 due to the classification of new financial statements.

In the previous period, the amounts were shown under "Cash, Cash Equivalents and Central Bank " has been shown as "Cash and Cash Equivalents' under "Financial Assets" in the current period and in the previous period.

In the previous period, amounts were shown under "Held to Maturity Investments" has been shown as "Assets measured at amortized cost" under "Financial Assets" both in the current period and in the previous period.

In the previous period, the amounts were shown under "Other receivables" and "Prepaid Expenses" has been shown as "Other Assets" both in the current period and in the previous period.

In the previous period, the amount were shown under "Deferred Income", "Other Payables" and "Taxes Payable and Other Liabilities" has been shown as "Other Liabilities" both in the current period and in the previous period.



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

2.5 New and Revised Turkish Accounting Standards

a) Standards issued by december 31,2018 but not yet effective and not early adopted

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

IFRS 16 Leases

On 16 April 2018, POA issued the new leasing standard which will replace TAS 17 Leases, IFRS Interpretation 4 Determining Whether an Arrangement Contains a Lease, TAS Interpretation 15 Operating Leases – Incentives, and TAS Interpretation 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently changes to TAS 40 Investment Properties. 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. The standard 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 Company is assessing the potential impact on its financial statements resulting from the application of IFRS 16.

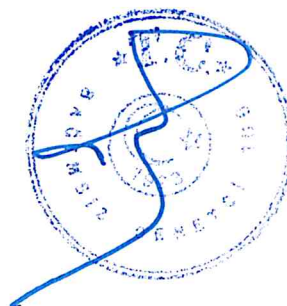
IFRS Interpretation 23 –Uncertainty Over Income Tax Treatments

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

Amendments to IFRS 9 - Prepayment features with negative compensation

On December 2017, POA 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 (FVOCI) 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.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

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

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

The revised Conceptual Framework

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

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

The following standards, interpretations of and amendments to existing IFRS standards are issued by the IASB but these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TAS by the POA, thus they do not constitute part of TAS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued 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 issued and become effective under TAS.

Annual Improvements to IFRSs 2015-2017 Cycle

Improvements to IFRSs

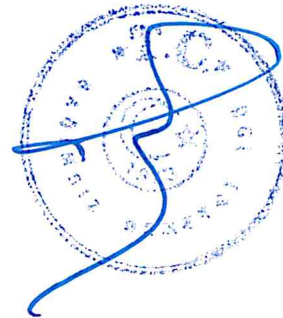
IASB issued Annual Improvements to IFRSs - 2015–2017 Cycle. The amendments are effective as of 1 January 2019. Earlier application is permitted. The Company does not expect that application of these improvements to IFRSs will have significant impact on its financial statements.

IAS 12 Income Taxes

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

IAS 23 Borrowing Costs

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



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

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

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

Annual Improvements to IFRSs 2015-2017 Cycle (Cont'd)

Improvements to IFRSs (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 does not expect that application of these amendments to IAS 19 will have significant impact on its financial statements.

Amendments to IAS 1 and IAS 8 - Definition of Material

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

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to IAS 1 and IAS 8.

2.6. Summary of Significant Accounting Policies

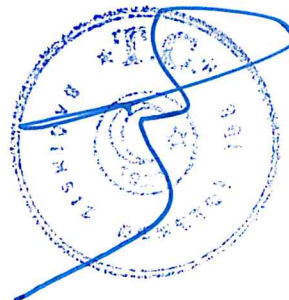
a. Revenue

Factoring service income is composed of collected interest income and commission income earned from advance payments made to customers.

A proportion of factoring invoice total obtained constitutes commission income. Interest and commission income and other income and expenses are accounted accrual basis.

Dividend revenue from investments is recognized when the shareholders' rights to receive payment have been established.

Other interest income is accrued based on the effective interest rate which equals the estimated cash flows to net book value of the related asset.



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

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

b. *Financial Instruments*

Financial Assets

Financial assets are classified into the following specified categories: "financial assets as at fair value through profit or loss", "held-to-maturity investments", "available-for-sale financial assets" and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate a shorter period to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for financial assets other than those financial assets designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated under this category upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or achieved more relevant accounting measurement. Derivatives are also categorized as held for trading unless they are designated as hedges. Related financial assets are reported at fair value. Gain and losses that as a result of valuation are booked to statement of profit and loss.

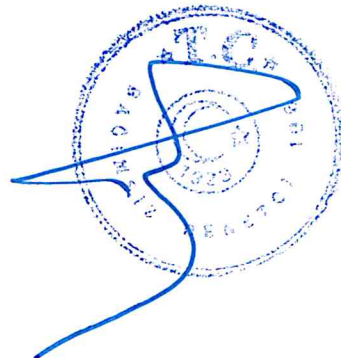
Financial Assets Measured at Amortised Cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in statement of profit or loss.

Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)

As per TFRS 9, the financial investments are measured at fair value through other comprehensive income if financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Thousand Turkish Liras ('000 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)

Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) (Cont'd)

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to statement of profit or loss. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the statement of profit or loss of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Other comprehensive income income/expense items to be recycled in profit or loss" under shareholders' equity.

Factoring Receivables and Other Receivables

Factoring receivables and other receivables are stated at fair value at initial recognition. Subsequent to initial recognition, all receivables except for factoring receivables are carried at amortized cost using the effective interest method. Interest income is calculated and accounted by using the effective interest rate method.

Specific provisions are allocated on factoring receivables in accordance with the regulation on "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.

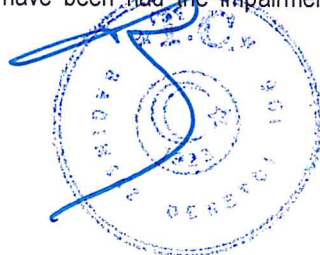
Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss are subject to impairment testing at each balance sheet date to determine whether there is any indication of impairment of financial asset or financial asset group. An entity shall assess at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset. That loss event or events must also have an impact on the estimated future cash flows of the financial asset or group of financial assets.

For loans and receivables, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by impairment loss directly for all financial assets except factoring receivables. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in allowance accounts are recognized in profit or loss.

With the exception of equity instruments, if, in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Thousand Turkish Liras ('000 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 comprise cash on hand, demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Derivative Financial Instruments and Hedge Accounting

The Company's activities expose it primarily to the financial risks of changes in foreign Exchange rates and interest rates. The Company uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are designated as held for trading and resulting gain or loss is recognized in profit or loss immediately as the derivatives do not meet the criteria for hedge accounting despite they provide economic hedge.

Financial Liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

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

Financial liabilities at fair value through profit or loss

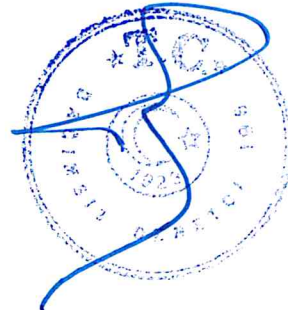
Financial liabilities at fair value through profit or loss are stated at fair value at initial recognition, and remeasured at fair value as at the balance sheet date at each reporting period.

The changes in fair value are recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

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

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Thousand Turkish Liras ('000 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.

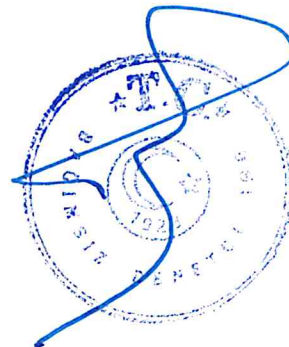
d. *Intangible Assets and Depreciation*

Intangible Fixed Assets Acquired

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period with the effect of any changes in estimate being accounted for on a prospective basis.

Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their useful lives. Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible fixed assets. Costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

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

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

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.

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.

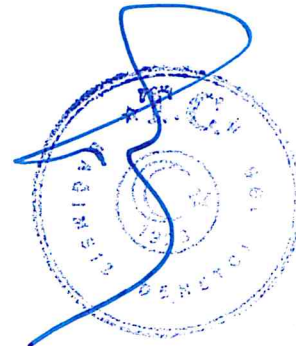
The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date considering the risks and uncertainties surrounding the obligation.

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.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

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

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

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 December 31, 2018 and December, 31 2017 are as follows:

		TRY / USD	TRY / EUR	TRY / GBP
December 31, 2018	:	5,2609	6,0280	6,6528
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.

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.

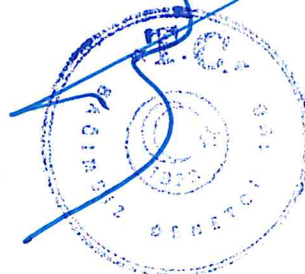
The Company restates its financial statements if such adjusting subsequent events arise.

m. 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.



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

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

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

m. Taxation (Cont'd)

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.

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.

n. Income Tax

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.

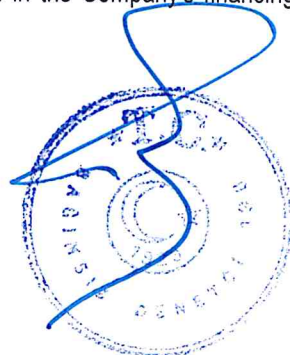
Items which are associated with items recognized directly in equity or accounted as liabilities or current tax, except for those arising from initial recognition of business combinations and deferred tax are accounted as expense or income in the income statement. The tax effect is taken into account 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



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AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Thousand Turkish Liras ('000 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.

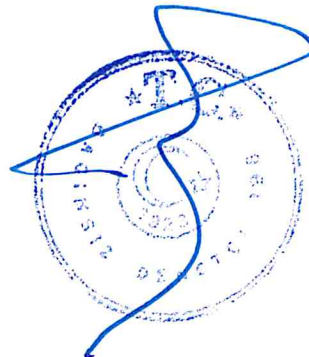
s. Segment Reporting

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. No segmental information is disclosed as the Company operates in Turkey and provides only factoring services.

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 31 December 2018 and 31 December 2017.



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AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

3. BUSINESS COMBINATIONS

None. (December 31, 2017 - None).

4. JOINT VENTURES

None. (December 31, 2017 - None).

5. SEGMENT REPORTING

No segmental information is disclosed as the Company operates in Turkey and provides only factoring services.

6. CASH AND CASH EQUIVALENTS AND BANKS

	31.12.2018		31.12.2017	
	LC	FC	LC	FC
Cash	4	--	5	--
Demand deposit	9.595	--	577	33
Term deposit	--	--	--	--
	9.599	--	582	33

In the previous period, the amounts were shown under "Cash, Cash Equivalents and Central Bank " has been shown as "Cash and Cash Equivalents" under "Financial Assets" in the current period and in the previous period. (Note 2.4)

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

None. (December 31, 2017 - None).

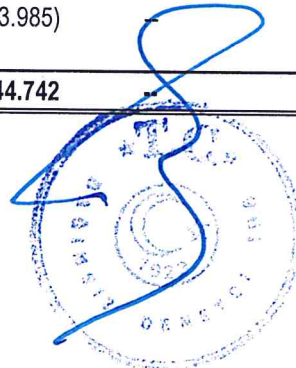
8. RECEIVABLES FROM REVERSE REPO TRANSACTIONS

None. (December 31, 2017 - None).

9. FACTORING RECEIVABLES / PAYABLES

a. Factoring Receivables

	31.12.2018		31.12.2017	
	LC	FC	LC	FC
Discounted factoring receivables	87.980	--	322.020	--
Other factoring receivables	43.258	--	94.925	--
Restructured factoring receivables	12.260	--	14.591	--
Interest income accrual of factoring receivables	5.229	--	2.295	--
Unearned interest income from factoring receivables (-)	(3.985)	--	(19.236)	--
	144.742	--	414.595	--



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

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

a. Factoring Receivables - (Cont'd)

Maturity distribution of factoring receivables:

31.12.2018	Up to	Up to	Between 3	Between 1	Total
	1 month	3 months	months and 1 year	year and 5 years	
Factoring receivables	76.952	35.505	32.285	--	144.742

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	138.331	197.736	12.911	414.595

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

Sector	31.12.2018	31.12.2018	31.12.2017	31.12.2017
	Amount (‘000)	Percentage %	Amount (‘000)	Percentage %
Textile and textile products industry	40.474	27,21%	107.037	24,67%
Construction	31.211	20,99%	79.950	18,43%
Agriculture	22.618	15,21%	47.432	10,93%
Other social and personal services	16.492	11,09%	34.372	7,92%
Removing mines that produces energy	8.996	6,05%	22.226	5,12%
Wholesale and retail trade services	6.700	4,50%	18.941	4,37%
Hotels and restaurants (tourism)	5.667	3,81%	5.585	1,29%
The paper and paper products industry	4.880	3,28%	14.087	3,25%
Other manufacturing industry	4.064	2,73%	25.900	5,97%
Food, beverage and tobacco industry	2.591	1,74%	6.775	1,56%
Other non-metallic industry	1.919	1,29%	2.173	0,50%
Transport vehicles industry	1.305	0,88%	16.659	3,84%
People to employ workers	709	0,48%	--	0,00%
Chemical and chemical products and synthetic industry	366	0,25%	29.345	6,76%
Rubber and plastic products industry	350	0,24%	5.999	1,38%
Wood and wood products industry	300	0,20%	--	0,00%
Metal main industry and processed material production	50	0,03%	2.400	0,55%
Machinery and equipment industry	35	0,02%	2.465	0,58%
Transport, storage and communication	--	0,00%	6.694	1,54%
Leather and leather products industry	--	0,00%	5.751	1,33%
Electrical and optical appliances industry	--	0,00%	40	0,01%
	148.727	100%	433.831	100%



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

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

b. Factoring Payables

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

	31.12.2018		31.12.2017	
	LC	FC	LC	FC
Factoring payables	864	--	975	--
	864	--	975	--

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.

10. FINANCE CREDITS

None. (December 31, 2017 – None.)

11. RECEIVABLES / PAYABLES FROM LEASING TRANSACTIONS

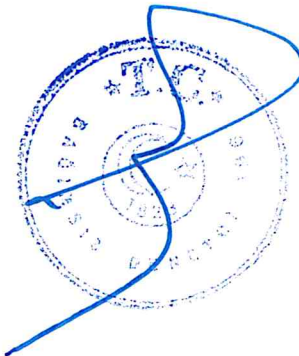
None. (December 31, 2017 – None.)

12. OTHER RECEIVABLES / PAYABLES

a) Other Receivables

	31.12.2018		31.12.2017	
	LC	FC	LC	FC
BSMV from costumers	499	--	1.050	--
Cost receivable of litigation and court	830	--	410	--
Prepaid expenses	1.166	--	7.803	--
Other	327	--	617	--
	2.822	--	9.880	--

In the previous period, the amounts were shown under "Other receivables" and "Prepaid Expenses" has been shown as "Other Assets" both in the current period and in the previous period. (Note 2.4)



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

12. OTHER RECEIVABLES / PAYABLES - (Cont'd)

b) Other Payables

	31.12.2018		31.12.2017	
	LC	FC	LC	FC
Payables to sellers	488	--	507	--
<i>Payables to related parties</i>	121	--	432	--
<i>Payables to others</i>	367	--	75	--
BSMV payable	162	--	544	--
SSI premiums payable	121	--	245	--
Income tax payable	100	--	96	--
Stamp tax payable	3	--	3	--
VAT payable	--	--	--	--
Payables to personnel	--	--	8	--
Advance commission income	--	--	771	--
	874	--	2.174	--

In the previous period, the amount were shown under "Deferred Income", "Other Payables" and "Taxes Payable and Other Liabilities" has been shown as "Other Liabilities" both in the current period and in the previous period. (note 2.4)

13. NON-PERFORMING RECEIVABLES

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

	31.12.2018		31.12.2017	
	LC	FC	LC	FC
Non-performing receivables	12.251	--	32.920	--
Special provisions (-)	(5.221)	--	(20.242)	--
Non-performing receivables, net	7.030	--	12.678	--

	31.12.2018		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	--	--	10.108	(521)
Overdue within 6-12 months	--	--	1.666	(833)
Overdue within 1 years and more	12.251	(5.221)	21.146	(18.888)
	12.251	(5.221)	32.920	(20.242)



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

13. NON-PERFORMING RECEIVABLES - (Cont'd)

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

	31.12.2018	31.12.2017
Opening balance, January 01	(20.242)	(8.678)
Expenses for the period	(5.475)	(11.834)
Transferred receivables (*)	20.145	--
Cancelled provisions	351	270
Closing balance	(5.221)	(20.242)

(*) The Company has transferred its factoring receivables to " Birikim Varlık Yönetim A.Ş. " which were booked as provision totally before and has no possibility to collect.

14. DERIVATIVE AND FINANCIAL ASSETS AND LIABILITIES

None. (December 31, 2017 – None.)

15. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)

	31.12.2018		31.12.2017	
	LC	FC	LC	FC
Stocks	1.160	--	960	--
<i>Birikim Varlık Yönetim A.Ş.</i>	<i>1.160</i>	<i>--</i>	<i>10</i>	<i>--</i>
<i>Final Varlık Yönetim A.Ş.</i>	<i>--</i>	<i>--</i>	<i>950</i>	<i>--</i>
	1.160	--	960	--

Company has Final Varlık Yönetim A.Ş. and the due to merger with Birikim Varlık Yönetim A.Ş. shares with 0,01% and TRY 1.160 on behalf of Birikim Varlık Yönetim A.Ş. (31.12.2017: Company has shares with 0,10% and TRY 10.000 on behalf of Birikim Varlık Yönetim A.Ş. and 1,90% and amount to TRY 950.000 on behalf of Final Varlık Yönetim A.Ş.)

In the previous period, amounts were shown under "Held to Maturity Investments" has been shown as "Assets measured at amortized cost" under "Financial Assets" both in the current period and in the previous period. (Note 2.4)

16. SUBSIDIARIES (Net)

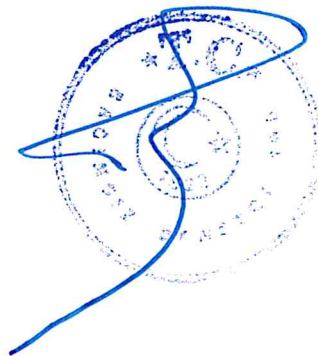
None. (December 31, 2017 – None.)

17. JOINT VENTURES (Net)

None. (December 31, 2017 – None.)

18. AFFILIATES (Net)

None. (December 31, 2017 – None.)



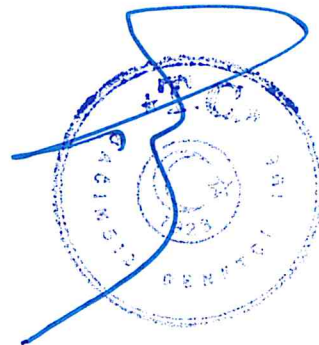
AK FAKTORİNG ANONİM ŞİRKETİ**AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS**

(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

19. TANGIBLES (Net)

Movements of property, plant and equipment for the period 01 January - 31 December 2018 and 2017 are as follows:

Cost	Furniture and fixtures
January 1, 2017	921
Additions	85
Disposals (-)	(10)
December 31, 2017	996
Additions	48
Disposals (-)	(17)
December 31, 2018	1.027
Accumulated Depreciation	
January 01, 2017	479
Additions	163
Disposals (-)	(8)
December 31, 2017	634
Additions	149
Disposals (-)	(8)
December 31, 2018	775
Net registered value	
January 01, 2017	442
December 31, 2017	362
December 31, 2018	252



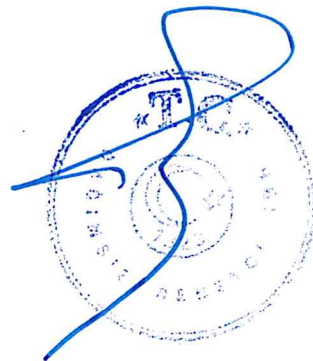
AK FAKTORİNG ANONİM ŞİRKETİ**AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS**

(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

20. INTANGIBLES (Net)

Movements of intangibles for the period 01 January - 31 December 2018 and 2017 are as follows:

Cost	Rights
January 1, 2017	460
Additions	330
Disposals (-)	(3)
December 31, 2017	787
Additions	477
Disposals (-)	--
December 31, 2018	1.264
Accumulated Depreciation	
January 01, 2017	245
Additions	72
Disposals (-)	(3)
December 31, 2017	314
Additions	142
Disposals (-)	--
December 31, 2018	456
Net registered value	
January 01, 2017	215
December 31, 2017	473
December 31, 2018	808



21. TAX ASSETS AND LIABILITIES

a) Corporate Tax

In Turkey, the corporation tax rate of the fiscal year 2018 is 22% (December 31, 2017: 20%). Corporation tax is payable at a rate of 22% 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.

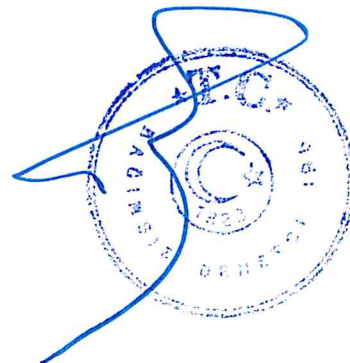
Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered profit distribution 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 taxpaying (except dividends from investment funds participation certificates and investment trusts shares) are exempt from corporate tax.



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

a) Corporate Tax – (Cont'd)

Emission Premium Exemption

The issued shares that are from the foundation of incorporated company or increasing capital, emission premium gains from excess of nominal value are exempt 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

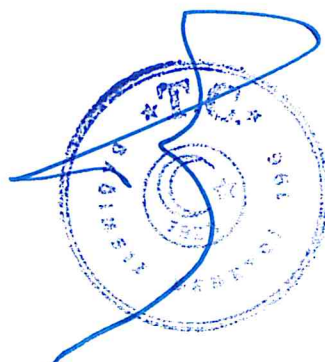
The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated December 5, 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

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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21. TAX ASSETS AND LIABILITIES – (Cont'd)**a) Corporate Tax – (Cont'd)**

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

	31.12.2018		31.12.2017	
	LC	FC	LC	FC
Corporate tax	(6.215)	--	(3.045)	--
Prepaid taxes and funds (-)	5.393	--	1.743	--
Total tax assets / (liabilities), net	(822)	--	(1.302)	--

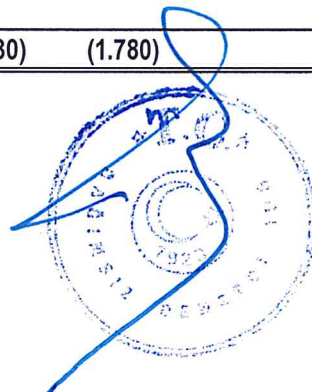
b) Deferred Tax Assets and Liabilities

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 20% for the Company.

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

	Cumulative temporary difference		Deferred tax	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Deferred tax assets:				
Provision for severance pay	(280)	(286)	56	57
Provision for unused annual leave	(129)	(130)	26	26
Provision for doubtful receivables	(2.343)	(1.254)	469	251
Provision for litigation	(122)	(122)	24	24
Total deferred tax assets	(2.874)	(1.792)	575	358
Deferred tax liabilities:				
Tangible and intangible assets	144	12	(29)	(2)
Total deferred tax liabilities	144	12	(29)	(2)
Deferred tax assets, net	(2.730)	(1.780)	546	356



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(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

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

Movement of tax assets / (liabilities)	31.12.2018	31.12.2017
Opening balance, January 01	356	133
Deferred tax income / (expense)	190	223
Closing balance	546	356

c) Provision for Operating Tax

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

	January, 01 – December 31, 2018	January, 01 – December 31, 2017
Current period tax income / (expense), net	(3.171)	(3.049)
Deferred tax income / (expense), net	156	223
	(3.015)	(2.826)

22. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET) AND PAYABLES**a) Assets Held for Sale**

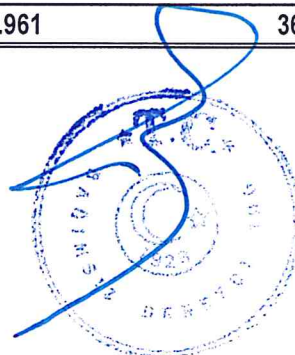
None. (December 31, 2017 – None.)

b) Discontinued Operations

None. (December 31, 2017 – None.)

23. BANK LOANS

	31.12.2018		31.12.2017	
	LC	FC	LC	FC
Bank loans	65.145	8.649	224.451	6.648
Funds provided from factoring companies	23.326	--	137.862	--
Interest accrual	220	312	3.004	10
	88.691	8.961	365.317	6.658



AK FAKTORİNG ANONİM ŞİRKETİ

AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

24. ISSUED BONDS AND SECURITIES (Net)

None. (December 31, 2017 – None.)

25. PAYABLES AND EXPENSE PROVISION

	31.12.2018		31.12.2017	
	LC	FC	LC	FC
Provision for severance pay	280	--	286	--
Provision for unused annual leave	129	--	130	--
Other provisions	122	--	122	--
	531	--	538	--

EMPLOYEE BENEFITS

Provision for severance pay

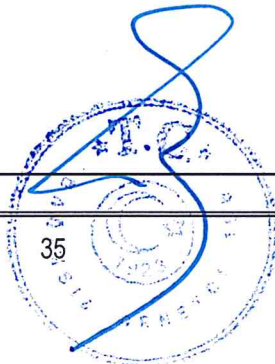
In accordance with the provisions of the current Labour Code, there is a liability to pay severance pay to employees if the contract is terminated in the way to entitled to take severance pay. Furthermore, in accordance with the Social Insurance Law No: 506 dated March 6, 1981, numbered 2422 and dated 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 5.434,42 for each year of service as of December 31, 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 December 31, 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 %2,60 (2017: %3,56) real discount calculated by using %15,50 (2017: %9,50) annual inflation rate and %18,50 (2017: %13,40) discount rate.

Movement of severance pay:	31.12.2018	31.12.2017
January 01	286	474
Service cost	7	(263)
Interest cost	10	6
Payment in the period	(192)	43
Actuarial difference	169	25
Closing balance	280	286



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AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

26. LOANS SIMILAR WITH CAPITAL

None. (December 31, 2017: None.)

27. EQUITY

27.1. Paid in capital and capital reserves

The paid in capital of the Company is TRY 25.500 that is consisted of 25.500 shares that each share is amounting to TRY 0,001. (December 31, 2017: TRY 25.500 / 25.500.000 issued share.)

The owners and rates of the shares are as follows:

	31.12.2018		31.12.2017	
	%	Amount	%	Amount
Altınhas Holding A.Ş.	100,00%	25.500	100,00%	25.500
İnan Altınbaş	> 1	0,075	> 1	0,075
Hüseyin Altınbaş	> 1	0,075	> 1	0,075
Paladyum Eğitim Yayıncılık İnş. San. Ve Tic. A.Ş.	> 1	0,075	--	--
Altınhas Gayrimenkul A.Ş.	> 1	0,075	--	--
Atilla Keskin	--	--	> 1	0,075
Vedat Bayat	--	--	> 1	0,075
	100,00%	25.500	100,00%	25.500

There are no privileges granted to shares.

27.2. Capital reserves

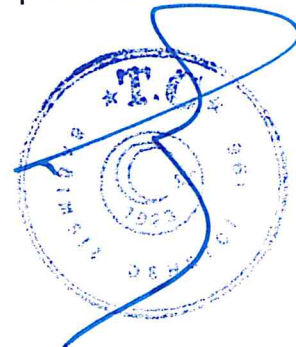
None. (December 31, 2017 – None.)

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

	31.12.2018		31.12.2017	
	LC	FC	LC	FC
Actuarial severance payment, net	(136)	--	(52)	--
	(136)	--	(52)	--

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

None. (December 31, 2017 – None.)



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(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

27. EQUITY – (Cont'd)**27.4. Profit Reserves**

	31.12.2018		31.12.2017	
	LC	FC	LC	FC
Legal reserves	5.366	--	4.188	--
Extraordinary reserves	24.640	--	21.988	--
	30.006	--	26.176	--

27.5. Retained Earnings

None. (December 31, 2017 – None.)

28. FACTORING INCOME

	January 01 - December 31, 2018	January 01 - December 31, 2017
Interest income	90.398	89.654
Fee and commission income	1.717	2.641
	92.115	92.295

29. FINANCE LOAN INCOME

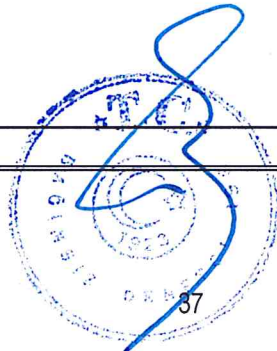
None. (January 01-December 31, 2017 – None.)

30. LEASING INCOME

None. (January 01-December 31, 2017 – None.)

31. FINANCIAL EXPENSES

	January 01 - December 31, 2018	January 01 - December 31, 2017
Interest paid to the loans used (Domestic)	(58.544)	(51.095)
Interest paid to the loans used (Abroad)	(516)	(19)
Interest expense on issued securities	--	(4.051)
Other interest expense	--	(98)
Fees and commission expenses	(2.860)	(3.048)
	(61.920)	(58.310)



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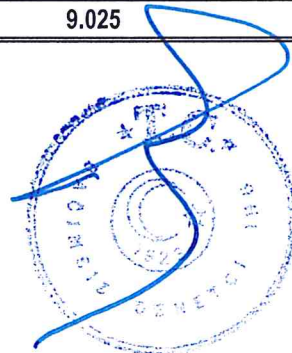
(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

32. OPERATING EXPENSES

	January 01 - December 31, 2018	January 01 - December 31, 2017
Personnel expenses	(6.410)	(6.055)
Provision for severance payment	(117)	(42)
Other expenses	(111)	(159)
General operating expenses	(4.078)	(3.306)
Office rent and dues	(713)	(538)
Bank transaction costs	(558)	(29)
Vehicle rental expenses	(435)	(559)
Subscription fees	(413)	(459)
Depreciation and amortization expenses	(307)	(299)
Consultancy expenses	(294)	(235)
IT expenses	(277)	(214)
Legal cases expenses	(216)	(156)
Office expenses	(195)	(322)
Fuel expenses	(179)	(99)
Taxes and fees	(146)	(99)
Communication expenses	(120)	(124)
Transportation expenses	(61)	(69)
Stationery expenses	(61)	(22)
Travel expenses	(45)	(42)
Repair and maintenance expenses	(34)	(13)
Other	(24)	(28)
	(10.716)	(9.562)

33. OTHER OPERATING INCOME

	January 01 - December 31, 2018	January 01 - December 31, 2017
Foreign exchange profits	7.383	1.642
Interest income from banks	96	25
Dividend income	760	--
No longer required provision for factoring receivables	351	270
Other interest income	--	1
Interest income from securities	--	1
Other income except interest	435	409
SSI incentive income	377	190
Other	58	219
	9.025	2.347



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AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

34. PROVISION FOR NON-PERFORMING RECEIVABLES

	January 01 - December 31, 2018	January 01 - December 31, 2017
Special provision for non-performing receivables expenses	(5.475)	(11.834)
	(5.475)	(11.834)

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.

35. OTHER OPERATING EXPENSES

	January 01 - December 31, 2018	January 01 - December 31, 2017
Foreign exchange losses	(9.167)	(779)
	(9.167)	(779)

36. EARNINGS PER SHARE

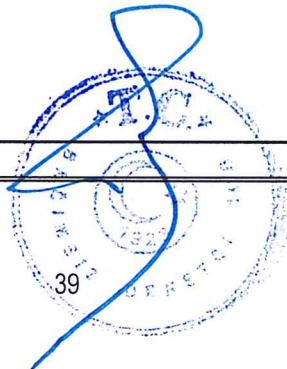
	January 01 - December 31, 2018	January 01 - December 31, 2017
Total issued shares at the beginning of the period	25.700	25.700
Issued bonus shares		
Total issued shares at the end of the period	25.700	25.700
Total issued weighted average shares	18.728	18.728
Net profit / (loss) (TRY)	10.846	11.330
Earnings per share (%)	57,91%	60,49%
Earnings per share (TRY)	0,58 TL	0,60 TL

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

37. DISCLOSURE OF RELATED PARTY

37.1. Receivables from Related Parties

Receivables from related parties	31.12.2018	31.12.2017
Receivables from group companies		
Altınhas Holding A.Ş.	--	--
Birikim Varlık Yönetim A.Ş.	5	--
Final Varlık Yönetim A.Ş.	--	1
Total	5	1



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(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

37. DISCLOSURE OF RELATED PARTY – (Cont'd)

37.2. Due to Related Parties

Due to related parties	31.12.2018	31.12.2017
<u>Due to group companies</u>		
<i>Altınhas Holding A.Ş. (Trade)</i>	121	432
Total	121	432

37.3. Payments to Related Parties (Expenses)

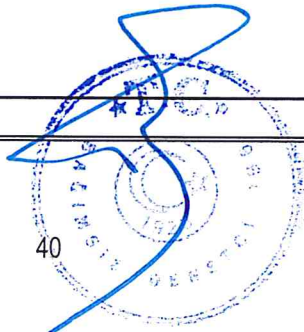
	January 01 - December 31, 2018	January 01 - December 31, 2017
Altınhas Holding A.Ş.	5.160	8.831
Pledge commission	2.861	3.048
Interest expenses	986	4.402
Vehicle rent and fuel expenses	548	568
Office rent and building	482	610
IT expenses	194	108
Miscellaneous expenses	89	95
Albank Ltd. Şti.	254	--
Interest expenses	204	--
Comission fee expenses	50	--
	5.414	8.831

37.4. Income from Related Parties (Profits)

	January 01 - December 31, 2018	January 01 - December 31, 2017
Birikim Varlık Yönetim A.Ş.	761	219
Dividend income	760	219
Other	1	--
Total	761	219

37.5. Fees and Similar Benefits Paid to Senior Managers

	January 01 - December 31, 2018	January 01 - December 31, 2017
Fees and similar benefits	662	690
Total	662	690



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(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

37. DISCLOSURE OF RELATED PARTY – (Cont'd)

37.6. Guarantee, Pledges, Mortgages from Related Parties

Type of Pledge	31.12.2018	31.12.2017
TRY	616.467	698.388
EUR	4.000	4.000
USD	18.300	18.300

38. CONTINGENT ASSETS AND LIABILITIES

38.1. Off Balance Sheet Commitments

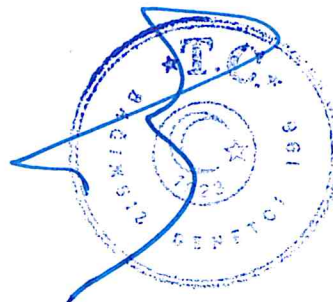
a) Guarantees Taken

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

	31.12.2018		31.12.2017	
	LC	FC	LC	FC
Guarantee checks taken from customers	42	--	2.457.173	--
Guarantee notes taken from customers	6.477	--	137	7.324
Customer mortgages taken	119.500	--	199.000	--
Customer pledges taken	8.118	--	9.572	--
Customer Followings	807.647	--	--	--
	941.784	--	2.665.882	7.324

b) Guarantees, Pledges and Mortgages Given (GPM)

	31.12.2018		31.12.2017	
	LC	FC	LC	FC
Letter of guarantee given	6.220	--	3.143	--
	6.220	--	3.143	--



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AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

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

38.2. Securities

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

	31.12.2018		31.12.2017	
	LC	FC	LC	FC
Customer cheques	141.879	8.331	390.306	15.434
Customer notes	62.313	196	86.176	15.429
	204.192	8.527	476.482	30.863

38.3. Ongoing Lawsuits:

As of December 31, 2018:

The Company has started legal follow-up for TRY 5.221 of total TRY 12.251.

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.

39. COMMITMENTS

None. (December 31, 2017 - None.)

40. 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



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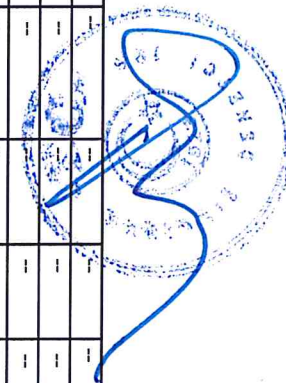
(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

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

Risk Management Objectives and Principles – (Cont'd)

Credit Risk – (Cont'd)

	December 31, 2018										Held assets until to maturity Financial loans Related party	
	Trade receivables			Receivables				Banks Doubtful receivables Related Party				
	Related Party	Other	Party	Related Party	Other	Party	Related Party	Other	Party	Other		
Maximum credit risk to which the company exposed as of the date of reporting (A+B+C+D+E)	--	144.742	--	--	7.030	--	--	--	1.656	--	9.595	--
- Part of maximum risk that is secured with guarantee	--	127.618	--	--	--	--	--	--	--	--	--	--
A. Net book values of financial assets which are not overdue or exposed to decrease in value	--	144.742	--	--	--	--	--	--	1.656	--	9.595	--
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	--	--	--	--	7.030	--	--	--	--	--	--	--
- Overdue (Gross book value)	--	--	--	--	12.251	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	(5.221)	--	--	--	--	--	--	--
- 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	--	--	--	--	--	--	--	--	--	--	--	--



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AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS

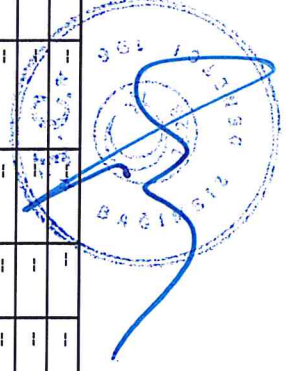
(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

40. 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										Held assets until to maturity Financial loans Related party
	Trade receivables			Receivables				Banks Doubtful receivables Related party		610	
	Related Party	Other		Doubtful receivables	Financial loans		Other receivables		610		
		Related Party	Party		Related Party	Other Party	Related Party	Party			
Maximum credit risk to which the company exposed as of the date of reporting (A+B+C+D+E)	--	414.595	--	12.678	--	--	2.076	--	--	610	--
- Part of maximum risk that is secured with guarantee	--	208.573	--	--	--	--	--	--	--	--	--
A. Net book values of financial assets which are not overdue or exposed to decrease in value	--	414.595	--	--	--	--	2.076	--	--	610	--
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	--	--	--	--	--	--	--
- Overdue (Gross book value)	--	--	--	32.920	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	(20.242)	--	--	--	--	--	--	--
- 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	--	--	--	--	--	--	--	--	--	--	--



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

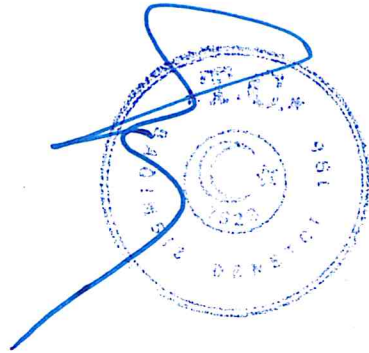
Risk Management Objectives and Principles – (Cont'd)

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 31 December 2018 and 31 December 2017 is as follows.



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(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

40. 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 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	98.516	98.516	50.679	24.638	23.199	--
Loans	97.652	97.652	49.815	24.638	23.199	--
Factoring payables	864	864	864	--	--	--
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	874	874	874	874	--	--
Other payables	874	874	874	--	--	--

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(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

40. 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	372.950	211.868	161.082	--	--
Loans	371.975	371.975	210.893	161.082	--	--
Factoring payables	975	975	--	--	--	--
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	2.174	2.174	2.174	--	--	--
Other payables	2.174	2.174	2.174	--	--	--

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

Risk Management Objectives and Principles – (Cont'd)

Market Risk:

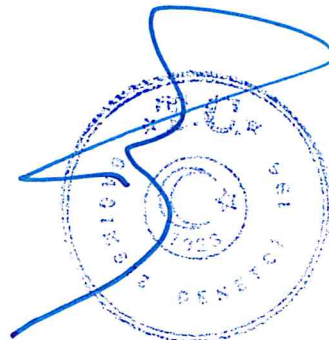
Market risk is the risk of affect the Company negatively depending the changes in interest, foreign exchange rates, and other financial contracts. The main risk for the Company is the changes in interest and foreign exchange rate.

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.

	31.12.2018	31.12.2017
Assets in foreign currency	--	8.478
Liabilities in foreign currency (-) (*)	(8.649)	(14.626)
Net foreign currency position	(8.649)	(6.148)

(*) The TRY equivalent of liabilities in terms of foreign currency in the balance sheet is TRY 8.961. The difference between the amount stated in the foreign currency position and the amount in the balance sheet arises from credit rediscount.



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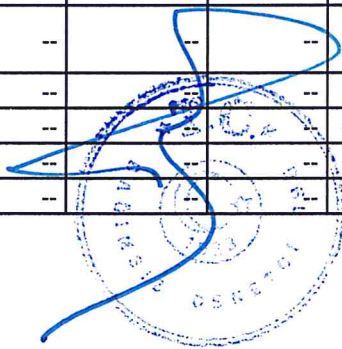
(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

40. 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, 2018				
	TRY Equivalent (Reporting Currency)	USD	EUR	GBP
1. Factoring Receivables	--	--	--	--
2a. Monetary Financial Assets (including cash, banks)	--	--	--	--
2b. Non-monetary financial assets	--	--	--	--
3. Other	--	--	--	--
4.CurrentAssets (1+2+3)	--	--	--	--
5. Factoring Receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7.Other	--	--	--	--
8.Non-CurrentAssets (5+6+7)	--	--	--	--
9.Total Assets (4+8)	--	--	--	--
10. Factoring Payables	--	--	--	--
11.Financial Liabilities	8.649	--	--	1.300
12a.Other monetary financial liabilities	--	--	--	--
12b.Other non-monetary financial liabilities	--	--	--	--
13.CurrentLiabilities (10+11+12)	8.649	--	--	1.300
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)	8.649	--	--	1.300
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)	(8.649)	--	--	(1.300)
21. Net foreign currency asset/liability position of monetary items	(8.649)	--	--	(1.300)
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 Thousand Turkish Liras ('000 TRY unless otherwise stated))

40. 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	996	1.038	--
2a. Monetary Financial Assets (including cash, banks)	33	--	--	6
2b. Non-monetary financial assets	--	--	--	--
3. Other	--	--	--	--
4. Current Assets (1+2+3)	8.478	996	1.038	6
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	996	1.038	6
10. Factoring Payables	--	--	--	--
11. Financial Liabilities	14.626	940	992	1.300
12a. Other monetary financial liabilities	--	--	--	--
12b. Other non-monetary financial liabilities	--	--	--	--
13. Current Liabilities (10+11+12)	14.626	940	992	1.300
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	940	992	1.300
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)	56	47	(1.294)
21. Net foreign currency asset/liability position of monetary items	(6.148)	56	47	(1.294)
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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AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS

(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

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

Foreign Currency Sensitivity Analysis

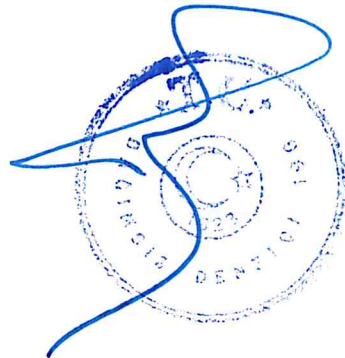
Foreign Currency Risk:

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 derivative 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.

	31.12.2018		31.12.2017	
	At balance sheet date	At the report date	At balance sheet date	At the report date
USD	5,2609	5,2905	3,7719	3.7754
EUR	6,0280	6,0257	4,5155	4.6561
GBP	6,6528	7,0133	5,0803	5.2931



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(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated)

40. 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					
December 31, 2018					
	Profit/Loss		Equity		
	Appreciation 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	--	--	--	--	--
2- Part of hedged (-)	--	--	--	--	--
3- USD net effect (1+2)	--	--	--	--	--
In case of appreciation / depreciation of EUR against TRY at 10%					
4- EUR net asset/liabilities	--	--	--	--	--
5- Part of hedged (-)	--	--	--	--	--
6- EUR USD net effect (4+5)	--	--	--	--	--
In case of appreciation / depreciation of GBP against TRY at 10%					
7- GBP net asset/liabilities	--	--	--	--	--
8- Part of hedged (-)	(865)	865			--
9- Other net effect (7+8)	--	--			--
TOTAL (3+6+9)	(865)	865			--

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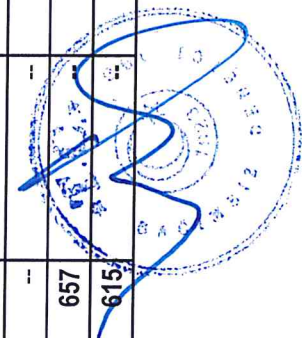
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(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated)

40. 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	(21)		--	--
2- Part of hedged (-)	--	--		--	--
3- USD net effect (1+2)	21	(21)		--	--
In case of appreciation / depreciation of EUR against TRY at 10%					
4- EUR net asset/liabilities	21	(21)		--	--
5- Part of hedged (-)	--	--		--	--
6- EUR USD net effect (4+5)	21	(21)		--	--
In case of appreciation / depreciation of GBP against TRY at 10%					
7- GBP net asset/liabilities	(657)	657		--	--
8- Part of hedged (-)	--	--		--	--
9- Other net effect (7+8)	(657)	657		--	--
TOTAL (3+6+9)	(615)	615		--	--



AK FAKTORİNG ANONİM ŞİRKETİ**AS OF DECEMBER 31, 2018 NOTES TO THE FINANCIAL STATEMENTS**

(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

40. 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:

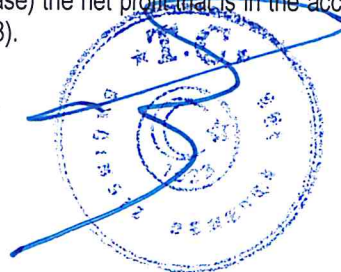
	31.12.2018				31.12.2017				
	%	TRY	USD \$	EUR	GBP	TRY	USD \$	EUR	GBP
Assets									
Factoring receivables		34,82	--	13,50	--	22,65	10,35	7,75	--
Liabilities									
Loans		26,22	--	4,50	8	17,10	5,73	4,60	5,10

b) Interest Rate Position and Sensitivity Analysis

The interest position of the Company is as follows.

Interest Position Table		
	31.12.2018	31.12.2017
Fixed interest financial instruments	(54.905)	66.488
Factoring receivables	10.759	414.595
Loans (-)	(64.801)	(347.132)
Factoring payables (-)	(864)	(975)
		--
Variable rate financial instruments	(32.851)	(24.843)
Financial assets for trading	--	--
Loans (-)	(32.851)	(24.843)
Issued securities (-)	--	--

If interest rate increase/ (decrease) by 1 point, it will increase/(decrease) the net profit that is in the accompanying income statement which is amount to TRY 329 (December 31, 2017: TRY 248).



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(Amounts are expressed in Thousand Turkish Liras ('000 TRY unless otherwise stated))

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

b) Interest Rate Position and Sensitivity Analysis – (Cont'd)

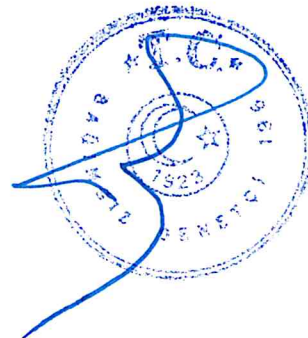
Capital Risk Management Policies and Procedures

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.

	31.12.2018	31.12.2017
Total payables	100.743	376.964
<u>Less:</u>		
Cash and cash equivalents	(4)	(5)
Banks	(9.595)	(610)
Net payables	91.144	376.349
Total equity	66.216	62.954
Debt/Equity Ratio	1,38	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 December 31, 2018 there is not any change in purpose, politics or process. (December 31, 2017 – None.)



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41. 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.

42. SUBSEQUENT EVENTS

As of January 31, 2019, Yılmaz BİŞGEN, the Chairman of the Finance Group of the Company and also a member of the Board of Directors, left from his duty. According to the decision of the Board of Directors dated February 27, 2019 Fahrettin ÖZYAPAR was appointed as a Board Member in place of Yılmaz BİŞGEN who abandoned from the Company's Board of Directors. (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)

