

Ak Yatırım Menkul Değerler Anonim Şirketi

**Financial statements and independent auditor's report for
the period ended (1st January - 31st December)**

**(Convenience translation of financial statements and auditor's report
originally issued in Turkish, see note 2.G)**

(Convenience translation of financial statements and auditor's report originally issued in Turkish, see note 2.G)

Ak Yatırım Menkul Değerler Anonim Şirketi

Contents	<u>Page</u>
Independent auditor's report	1 - 2
Statement of financial position (Balance sheet)	3
Statement of comprehensive income	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7 - 47

(Convenience translation of financial statements and auditor's report originally issued in Turkish, see note 2.G)

Independent auditors' report on the financial statements

To the Board of Directors of Ak Yatırım Menkul Değerler Anonim Şirketi

1. We have audited the accompanying financial statements of Ak Yatırım Menkul Değerler Anonim Şirketi (the "Company") as of December 31, 2016, and the related statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Responsibility of the management related to the financial statements

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

Independent auditors' responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was conducted in accordance with Standards on Auditing as issued by the Capital Markets Board of Turkey and Auditing Standards which are part of the Turkish Auditing Standards as issued by public insight Accountancy and Audit Standards Authority of Turkey. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.
4. Independent audit involves performing independent audit procedures to obtain independent audit evidence about the amounts and disclosures in the financial statements. The independent audit procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error and/or fraud. In making those risk assessments, the Company's internal control system is taken into consideration. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design independent audit procedures that are appropriate for the circumstances in order to identify the relation between the financial statements prepared by the Company and its internal control system. Our independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Building a better
working world

Opinion

6. In our opinion, the accompanying financial statements present fairly the financial position of Ak Yatırım Menkul Değerler Anonim Şirketi as at December 31, 2016 and their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards.

Reports on independent auditor responsibilities arising from other regulatory requirements

7. In accordance with Law no: 6102, Article 402 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 – December 31, 2016 are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.
8. In accordance with Article 402 of the Turkish Commercial Code ("TCC"); the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Additional paragraph for convenience translation into English of financial statements originally issued in Turkish

As at December 31, 2016, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the Public Oversight Accounting and Auditing Standards Authority/CMB. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited


Damla Harman, SMMM
Partner

January 31, 2017
Istanbul - Turkey,

(Convenience translation of financial statements originally issued in Turkish, see note 2.G)

Ak Yatırım Menkul Değerler A.Ş.

**Statement of financial position
as of December 31, 2016 and 2015**

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

	Notes	Audited December 31, 2016	Audited December 31, 2015
Assets			
Current assets			
Cash and cash equivalents	3	469.835.611	36.104.167
Financial investments	4	63.920.384	28.900.240
Trade receivables	6	281.707.869	443.222.566
- Trade receivables from related parties	21	13.234.582	181.130.366
- Trade receivables from third parties		268.473.287	262.092.200
Other receivables	7	28.368.402	36.774.097
- Other receivables from related parties	21	78.601	-
- Other receivables from third parties		28.289.801	36.774.097
Prepaid expenses	12	599.740	364.986
- Prepaid expenses from third parties		599.740	364.986
Current tax related assets	19	2.561.325	-
Derivative instruments	20	360.879	-
Other current assets		364	5.390
- Other current assets from third parties		364	5.390
Non-current assets		847.354.574	545.371.446
Fixed Assets			
Financial investments	4	164.965	164.965
Other receivables	7	14.159.480	2.823.414
- Other receivables from third parties		14.159.480	2.823.414
Property and equipment	8	4.302.124	3.997.172
Intangible assets	9	1.862.764	2.062.633
Deferred tax assets	19	2.422.592	1.461.029
Total fixed costs		22.911.925	10.509.213
Total assets		870.266.499	555.880.659
Liabilities			
Short-term Liabilities			
Short-term borrowings	5	564.004.826	84.729.155
- Short term borrowings from related parties	21	29.047	1.858.994
- Short term borrowings from third parties		563.975.779	82.870.161
Trade payables	6	89.896.343	289.368.078
- Due to related parties	21	15.182.648	1.725.827
- Trade payables to third parties		74.713.695	287.642.251
Allowance for profit tax obligations	19	-	2.049.164
Hedging derivative financial instruments		58.160	-
Short-term provisions		9.786.107	6.953.600
- Short term provisions for employee benefits	11	9.291.578	6.740.000
- Other short term provisions	10	494.529	213.600
Debts under benefits provided to employees	12	2.450.845	1.520.014
Other current liabilities		1.687.058	1.466.874
- Other current liabilities to third parties	12	1.687.058	1.466.874
Total non-current liabilities		667.883.339	386.086.885
Long-term Liabilities			
Provisions			
- Long term provisions for employee benefits	11	5.394.601	2.834.648
Total long-term liabilities		5.394.601	2.834.648
Shareholders' equity			
Paid-in share capital	13	30.000.000	30.000.000
Adjustment to share capital	13	16.802.123	16.802.123
Restricted reserves	13	59.230.554	59.230.554
Retained earnings	13	60.926.449	33.984.731
Other comprehensive income/expenses not to be reclassified to profit or loss		(1.603.466)	-
- Actuarial (loss) arising from employee benefits		(1.603.466)	-
Net income for the year	13	31.632.899	26.941.718
Total shareholders' equity		196.988.559	166.959.126
Total liabilities and shareholders' equity		870.266.499	555.880.659

The accompanying policies and explanatory notes are an integral part of these financial statements.

(Convenience translation of financial statements originally issued in Turkish, see note 2.G)

Ak Yatırım Menkul Değerler A.Ş.

**Statement of income statement
as of December 31, 2016 and 2015**

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

		Audited December 31, 2016	Audited December 31, 2015
Operating revenue		-	-
Sales	14	6.875.903.330	4.158.699.901
Cost of sales (-)	14	(6.778.103.625)	(4.081.045.257)
Gross profit from commercial activities		97.799.705	77.654.644
Interest income from operating activities	14	2.352.753	10.732.660
Gross profit from financial sector operations		2.352.753	10.732.660
Gross operating profit		100.152.458	88.387.304
General administrative expenses (-)	16	(75.930.584)	(55.590.860)
Marketing, sales and distribution expenses (-)	16	(17.929.612)	(11.200.523)
Other operating income	15	5.037.724	1.604.844
Other operating expenses (-)		-	-
Operating profit		11.329.986	23.200.765
Financial income	17	105.949.627	28.684.485
Financial expenses (-)	18	(78.170.784)	(18.186.446)
Profit before tax from continuing operations		39.108.829	33.698.804
Tax (expense)/income from continuing operations		(7.475.930)	(6.757.086)
Taxes on income (expense)	19	(8.036.627)	(7.339.416)
Deferred tax income (expense)	19	560.697	582.330
Profit from continuing operations for the period		31.632.899	26.941.718
Other comprehensive expense			
Not to be reclassified to profit or loss			
Actuarial gain/(loss) arising from employee benefit		(2.004.332)	-
Actuarial gain/(loss) arising from employee benefits		400.866	-
Other comprehensive expense (net)		(1.603.466)	-
Total comprehensive income (net)		30.029.433	26.941.718
Income per share		1,05	0,90

The accompanying policies and explanatory notes are an integral part of these financial statements.

(Convenience translation of financial statements originally issued in Turkish, see note 2.F)

Ak Yatirim Menkul Değerler A.Ş.

Statement of the changes in equity
as of December 31, 2016 and 2015
(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

	Net to e reclassified to profit or loss				Accumulated Deficit			
	Equity	Actuarial fund arising from employee benefit plans	Total equity adjustment	Total paid in capital	Restricted reserves	Retained Earnings	Net income for the year	Total equity
January 1, 2016	30.000.000	-	16.802.123	46.802.123	59.230.554	33.984.731	26.941.718	166.959.126
Transfers	-	-	-	-	-	-	-	-
Total comprehensive income	-	(1.603.466)	-	-	-	26.941.718	(26.941.718)	30.029.433
December 31, 2016	30.000.000	(1.603.466)	16.802.123	46.802.123	59.230.554	60.926.449	23.090.090	196.986.559
January 1, 2015	30.000.000	-	16.802.123	46.802.123	59.230.554	10.894.641	23.090.090	140.017.408
Transfers	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	23.090.090	(23.090.090)	26.941.718
December 31, 2015	30.000.000	-	16.802.123	46.802.123	59.230.554	33.984.731	26.941.718	166.959.126

The accompanying policies and explanatory notes are an integral part of these financial statements.

(Convenience translation of financial statements originally issued in Turkish, see note 2.F)

Ak Yatırım Menkul Değerler A.Ş.

Statement of cash flows as of December 31, 2016 and 2015
(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

	Notes	December 31, 2016	December 31, 2015
A. Cash flows from operating activities		(43.349.906)	(133.443.200)
Net income for the year		31.632.899	26.941.718
Adjustments to reconcile net income to net cash provided by operating activities		(35.765.258)	3.695.741
Depreciation and amortization	8, 9	1.900.707	1.269.012
Provisions		10.489.115	8.425.863
-Adjustments related to allowance for employee benefits (cancellation)	11	10.186.186	8.368.463
-Correction of litigation and / or penalty provisions (cancellation)		302.929	57.400
Interest income		(55.637.664)	(12.751.373)
- Adjustments related to interest income		(73.134.619)	(25.611.656)
- Adjustments related to interest expense		17.496.955	12.860.283
Sales expense / (income) of property and equipment		6.654	(4.847)
Tax income / expense corrections	19	7.475.930	6.757.086
Changes in working capital		(74.986.266)	(167.625.830)
Decrease (increase) in financial investments	4	(35.020.144)	21.174.809
Net (increase) / decrease in receivables			
from commercial and credited customers	6	161.514.697	(266.261.923)
- Net (increase) / decrease in receivables from related parties		167.895.784	(71.850.121)
- Net (increase) / decrease in receivables from third parties		(6.381.087)	(194.411.802)
Net decrease / (increase) in other receivables	7	(2.930.371)	(37.878.525)
- Net (increase) / decrease in other receivables from related parties		(78.601)	-
- Net (increase) / decrease in other receivables from third parties		(2.851.770)	(37.878.525)
Net decrease / (increase) in prepaid expenses	12	(234.754)	(211.682)
Net decrease / (increase) in trade payables	6	(199.471.735)	114.516.568
- Net (increase) / decrease in trade payables from related parties		13.456.821	(9.704.342)
- Net (increase) / decrease in trade payables from third parties		(212.928.556)	124.220.910
Net (increase) / decrease in debt due to benefits provided to employees		930.831	843.736
Other increase in operating capital (adjustments related to decrease		225.210	191.187
-Net (increase) / decrease in other assets related to activities		225.210	191.187
Net cash flow provided by operating activities		(79.118.625)	(136.988.371)
Payments related with benefits provided to employees		(7.078.987)	(4.050.825)
Interest paid		(14.838.415)	(15.495.051)
Interest received		70.355.237	28.511.422
Income taxes paid	19	(12.647.116)	(5.359.135)
Other cash flows	11	(22.000)	(61.240)
B. Net cash provided by investing activities		(2.012.444)	(5.257.138)
Cash outflows from purchase of property, plant and equipment and intangible assets		(2.020.057)	(5.268.626)
- Cash outflows from purchase of property, plant and equipment	8	(1.877.569)	(3.753.530)
- Cash outflows from purchase of intangible assets	9	(342.488)	(1.515.096)
Cash inflows from purchase of property, plant and equipment and intangible assets		7.613	11.488
- Cash inflows from purchase of property, plant and equipment	8	7.613	4.847
- Cash inflows from purchase of intangible assets	9	-	6.641
C. Net cash provided from financing activities		476.314.412	(354.566.358)
Increase in financial debts	5	561.346.286	87.363.923
Debt payments	5	(84.729.155)	(441.930.281)
Cash inflows from derivative instruments	20	58.160	-
Cash outflows from derivative instruments	20	(360.879)	-
Net increase/decrease in cash and cash equivalents before the foreign currency translation difference (A+B+C)		430.952.062	(493.266.696)
D. The impact of foreign currency translation difference on cash and cash equivalents		-	-
Net increase/decrease in cash and cash equivalents (A+B+C+D)		430.952.062	(493.266.696)
E. Cash and cash equivalents at the beginning of the year		36.092.807	529.359.503
Cash and cash equivalents at the end of year		467.044.869	36.092.807

The accompanying policies and explanatory notes are an integral part of these financial statements.

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

2. Basis of presentation of financial statements (continued)

(b) Adoption of new and revised standards

The accounting policies adopted in preparation of the financial statements as at December 31, 2016 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2016. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as at 31 December 2016 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2016. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2016 are as follows:

IFRS 11 Acquisition of an Interest in a Joint Operation (Amendment)

IFRS 11 is amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment clarifies that the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except for those principles that conflict with the guidance in this IFRS. In addition, the acquirer shall disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments did not have an impact on the financial position or performance of the Company.

IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

The amendments to IAS 16 and IAS 38, have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments did not have an impact on the financial position or performance of the Company.

IAS 16 Property, Plant and Equipment and IAS 41 Agriculture (Amendment) – Bearer Plants

IAS 16 is amended to provide guidance that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in IAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of IAS 41, measured at fair value less costs to sell. The amendment is not applicable for the Company and did not have an impact on the financial position or performance of the Company.

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

2. Basis of presentation of financial statements (continued)

The new standards, amendments and interpretations (continued)

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the 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, when the new standards and interpretations become effective.

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

Amendments issued to IFRS 10 and IAS 28, to address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors' interests in that former subsidiary. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. An entity shall apply those amendments prospectively. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 effective date is 1 January 2018, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

Clarifications to IFRS 15 'Revenue from Contracts with Customers' (Amendment)

IASB has published final clarifications to IFRS 15 in April 2016. The amendments address three of the five topics identified (identifying performance obligations, principal versus agent considerations, and licensing) and provide some transition relief for modified contracts and completed contracts. The amendments are effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

2. Basis of presentation of financial statements (continued)

The new standards, amendments and interpretations (continued)

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted by applying all requirements of the standard. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

IFRS 16 Leases

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

IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (Amendments)

The IASB issued amendments to IAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2017 with earlier application permitted. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If the Company applies this relief, it shall disclose that fact. The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Ak Yatırım Menkul Değerler A.Ş.

**Notes to the financial statements
as of December 31, 2016**

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

2. Basis of presentation of financial statements (continued)

The new standards, amendments and interpretations (continued)

IAS 7 Statement of Cash Flows (Amendments)

The IASB issued amendments to IAS 7 'Statement of Cash Flows'. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The improvements to disclosures require companies to provide information about changes in their financing liabilities. These amendments are to be applied for annual periods beginning on or after 1 January 2017 with earlier application permitted. When the Company first applies those amendments, it is not required to provide comparative information for preceding periods. The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

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

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

- a. the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- b. share-based payment transactions with a net settlement feature for withholding tax obligations; and
- c. a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

IFRS 4 Insurance Contracts (Amendments)

In September 2016, the IASB issued amendments to IFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. The amended Standard will:

- a. give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 Financial instruments is applied before the new insurance contracts Standard is issued; and
- b. give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 Financial instruments until 2021. The entities that defer the application of IFRS 9 Financial instruments will continue to apply the existing financial instruments Standard—IAS 39.

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The amendment are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

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

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

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

2. Basis of presentation of financial statements (continued)

The new standards, amendments and interpretations (continued)

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

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

The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted. The interpretation is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Annual Improvements to IFRSs - 2014-2016 Cycle

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

- IFRS 1 First-time Adoption of International Financial Reporting Standards: This amendment deletes the short-term exemptions about some IFRS 7 disclosures, IAS 19 transition provisions and IFRS 10 Investment Entities. These amendments are to be applied for annual periods beginning on or after 1 January 2018.
- IFRS 12 Disclosure of Interests in Other Entities: This amendment clarifies that an entity is not required to disclose summarised financial information for interests in subsidiaries, associates or joint ventures that is classified, or included in a disposal group that is classified, as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. These amendments are to be applied for annual periods beginning on or after 1 January 2017.
- IAS 28 Investments in Associates and Joint Ventures: This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital organisation or other qualifying entity at fair value through profit or loss applying IFRS 9 Financial Instruments is available for each associate or joint venture, at the initial recognition of the associate or joint venture. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

The amendments are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Ak Yatırım Menkul Değerler A.Ş.

**Notes to the financial statements
as of December 31, 2016**

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

2. Basis of presentation of financial statements (continued)

(c) Netting / accounting

Financial assets and liabilities are presented net when there is a legitimate interest, when there is an intention to net such assets and liabilities or when the acquisition of assets and the fulfillment of obligations follow one another.

(d) Reported currency

The functional and presentation currency of the Company is Turkish Lira ("TL").

(e) Preparation of financial statements

The accompanying financial statements of the Company have been prepared in accordance with the 2016 TAS Taxonomy approved by the Board of Directors dated June 2, 2006 and numbered 30, developed by the UPS based on Article 9 (b) of the Decree Law No. 660 ("KHK")

(f) Comparative information and restatement of prior period financial statements

The Company's current period financial statements are prepared comparatively with the prior period in order to allow for the determination of financial situation and performance trends. Comparative information is restated or classified when it is deemed necessary to comply with the presentation of the current period financial statement

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

2. Basis of presentation of financial statements (continued)

31 December 2015 financial statements

The Company has made the following classifications as of 31 December 2015 in order to comply with the Turkish Accounting Standards issued by the Company:

Statement of financial position	Prior period December 31, 2015	Reclassification	December 31, 2015
Short-term liabilities:			
Debts under the benefits provided to employees	-	1.520.014	1.520.014
Other short-term liabilities	2.986.888	(1.520.014)	1.466.874
- Other short term liabilities to related parties	-		
- Other short term liabilities to related parties	2.986.888	(1.520.014)	1.466.874

B. Changes in accounting policies and the errors

Significant changes in accounting policies or material errors are corrected, retrospectively; by restating the prior period financial statements.

C. Changes in the accounting estimates

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. The accounting estimates are not changed for the January 1 - December 31, 2014 period.

D. Summary of significant accounting policies

The significant accounting policies followed in the preparation of these financial statements are summarized below:

(a) Fee, Commission and Interest Income/Expense

(i) Fee and commission income and expenses

Fees and commissions are recorded as income or expense at the time the transactions to which they relate are made. Furthermore fund management, investment consulting fees, intermediary commissions and portfolio management commissions are recognized on an accrual basis.

(ii) Interest income and expense

Interest income and expenses are recognized in the income statement in the period to which they relate on an accrual basis. Interest income includes coupons earned on fixed income investment securities and amortization of discounts on government bonds.

(Convenience translation of financial statements originally issued in Turkish, see note 2.G)

Ak Yatırım Menkul Değerler A.Ş.

**Notes to the financial statements
as of December 31, 2016**

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

2. Basis of presentation of financial statements (continued)

(b) Property and equipment

All property and equipment are carried at cost less depreciation (Note 8).

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

Furniture and fixtures	5 years
Motor vehicles	5 years
Leasehold improvements	Lease Duration

Expenditures for the repair and renewal of property and equipment are recognized as expense. The capital expenditures incurred in order to increase the capacity of the tangible asset or to increase the future benefit of the asset are capitalized on the cost of the tangible asset. Capital expenditures include the cost components that increase the useful life, or the capacity of the asset, increase the quality of the product or decrease the costs.

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

2. Basis of presentation of financial statements (continued)

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Company estimate the recoverable amount of that asset and book value of the asset is increased to reestimated recoverable amount and impairment provision is reversed through income statement. Increased book value of the asset due to reversal of impairment loss, cannot exceed the book value that may be realized if impairment loss is not recognized for the asset in prior periods.

Gains and losses on the disposal of premises and equipment are determined in reference to their carrying amounts and are taken into account in determining operating profit and they are reflected to related income and expense accounts in the current period.

(c) Intangible assets

Intangible assets comprise acquired intellectual property and computer software. They are recorded at acquisition cost and amortized on a straight-line basis over their estimated economic lives for a period not exceeding five years from the date of acquisition.

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

(d) Financial instruments

(i) Trading securities

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

Trading securities are initially recognized at cost and are subsequently re-measured at fair value based on quoted bid prices. After, trading securities are valued at current market value.

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

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

Profit and loss due to the changes in fair value of trading securities is included into "Other income and expenses" in the income statement. Interest and other income from trading securities is also included into "Other income" in the income statement.

Trading securities are recorded and derecognized at the transaction date.

(ii) Investment securities

Investment securities are classified into the following two categories: Held-to-maturity and available-for-sale assets.

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

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

2. Basis of presentation of financial statements (continued)

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

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

Interest earned while holding investment securities is reported as interest income. The dividends receivable is included separately in dividend income.

Investment securities that are recognized at the settlement date, which is the date.

Available for sale financial instruments whose fair values cannot be determined reliably and that are not operating in organized markets are carried in financial statements with their historic costs deducting impairment loss, if any.

(iii) Sale and repurchase agreements

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

(iv) Originated loans and provisions for loan impairment

Loans originated by the Company by providing money directly to the borrower or to a sub-participation agent at draw down are categorized as loans originated by the Company and are carried at amortized cost. All originated loans are recognized when cash is advanced to borrowers.

The Company grants margin trading loans to its customers for equity share transactions.

A credit risk provision for loan impairment is established if there is objective evidence that the Company will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and recoverable amount, being the present value of expected cash flows, including the amount recoverable from guarantees and collateral, discounted based on the interest rate at inception.

Trade receivables and payables related to financial assets recognized according to date of transaction are recorded on the date in which the transaction is made on the balance sheet.

(e) Foreign exchange transactions

Transactions denominated in foreign currencies are accounted for at the exchange rates prevailing at the date of the transactions. The foreign currency denominated monetary assets and liabilities are translated with the buy exchange rates declared by the Central Bank of the Republic of Turkey. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

2. Basis of presentation of financial statements (continued)

(f) Borrowing costs

If an asset needs to be classified as construction-in-progress for a significant time, in order to be available for sale or available to use, borrowing costs related to the purchase and additional construction expenses are capitalized within the cost of asset. If there is an investment income related to the unconsumed part of the loans, it will be deducted from the capitalized interest expense.

All other finance expenses will be expensed during the period incurred.

(g) Subsequent events

Subsequent events cover any events which arise between the reporting date and the balance sheet date, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed. The Company adjusts its financial statements if such subsequent events arise which require an adjustment to the financial statements.

(h) Provisions, contingent assets and liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in the financial statements and treated as "contingent assets or liabilities".

(i) Finance leases - as lessee

The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(j) Related parties

- a) A person or that person's immediate family are considered as related party to the Company if the following conditions have been met:

Certain party,

- (i) If it has control or joint control over the Company,
- (ii) If it has significant influence over the Company
- (iii) In the case of a member of the Company or the parent Company's key management personnel

- b) If any of the following conditions are present, the company is considered as related party:

- (i) In the case of the Company and the Entity are members of a same group,
- (ii) In the case of the Entity, (or other entity that is a member of a member of a group) is a subsidiary or joint venture of the other entity,
- (iii) In the event of the Company and the Entity are both joint venture of a third party,
- (iv) In the event of the Company is a joint venture of a third entity of one and the other entity is a subsidiary of such third the company,
- (v) In the event of the Company, has post-employment benefit plans related to the Entity or the associated entity's employees (in the event of the company itself has such plan, the sponsoring employers are also recognized related to the Company)

Ak Yatırım Menkul Değerler A.Ş.

**Notes to the financial statements
as of December 31, 2016**

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

2. Basis of presentation of financial statements (continued)

- (vi) If the Company is controlled or jointly controlled by a person defined at (a)
- (vii) In the event of a person defined at article (a) subparagraph (i) have a significant influence over the Company or the respective entity (or of a parent of the entity) is member of the entity's key management

(k) Corporate and deferred taxes

Corporate tax

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

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

Deferred income taxes

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

The significant temporary differences result from the impairment on property and equipment, personnel bonus provision, difference between the carrying value and tax base of property and equipment, and employment termination benefits.

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

(l) Employment termination benefits

The Company accounts for employee termination benefits, vacation rights and other benefits to employees in accordance with "International Accounting Standard for Employee Rights" ("TAS 19") and they are classified under "provision for employment termination benefits" and "other current liabilities" accounts in the balance sheet respectively.

Under Turkish Labour Law, the Company is required to pay a specific amount to the employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Company arising from this liability regarding the actuarial projections and reflected to financial statements.

The Company have to pay contribution to Social Security Association on behalf of the employees in the amounts determined by law. These contributions are expensed when they are accrued.

(m) Statement of cash flows

For the purposes of the cash flow statement, cash and cash equivalents include cash and due from banks with maturities shorter than three months excluding accrued interest and reverse repo (Note 3).

Ak Yatırım Menkul Değerler A.Ş.

**Notes to the financial statements
as of December 31, 2016**

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

2. Basis of presentation of financial statements (continued)

(n) Share capital and dividends

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

(o) Turkey Derivatives Exchange ("TURKDEX") Transactions

Cash guarantees given to perform transactions in the TURKDEX market are classified as trade receivables. Gains and losses arising as a result of transactions within the period are classified as other operating income. The valuation differences that are reflected to the income statements as a result of valuating the open transactions on the basis of market prices are classified under the trade receivables after offsetting them with the commissions paid and interest income due to the accretion of remaining guarantees.

E. Significant accounting estimates and assumptions

Preparation of financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during financial period. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results. Significant accounting evaluations, estimates and assumptions which must be specified separately are explained in the related notes.

F. Reporting on sections

As at December 31, 2016, accordingly, the accompanying financial statements are not intended to present the financial position, reporting couldn't be made relating to section.

G. Additional paragraph for convenience translation to English:

The effects of differences between the accounting principles and standards set out by regulations, communiqués, interpretations and circulars published by the BRSA, and accounting principles generally accepted in the countries in which the accompanying financial statements are to be distributed and IFRS have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Ak Yatırım Menkul Değerler A.Ş.

**Notes to the financial statements
as of December 31, 2016**

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

3. Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows for the year ended December 31, 2016 is as follows:

	December 31, 2016	December 31, 2015
Demand Deposits	18.768.791	6.092.807
Time Deposits	451.066.820	30.011.360
Total	469.835.611	36.104.167

The maturity of time deposits is 71 days on average and average interest rate is 11,28%. (December 31, 2015 : 50 days – 13,95 %).

4. Financial investments

a) Current assets-Financial Investments

Net investments at December 31, 2016 and 2015 are as follows:

	December 31, 2016	December 31, 2015
Trading securities		
Government bonds and treasury bills	9.846.560	8.448.146
Investment funds	46.788.209	13.919.865
Equity securities	7.267.615	6.532.229
Total	63.920.384	28.900.240

Securities in the amount of TL 9.630.555 (December 31, 2015: TL 8.448.146) with a nominal value of TL 10.250.000 (December 31, 2015: TL 8.570.000) have been pledged at Istanbul Settlement and Custody Bank Inc (İMKB Takas ve Saklama Bankası A.Ş. (Takasbank A.Ş.)) as collateral at December 31, 2016.

b) Non-current assets-Financial Investments

	December 31, 2016	December 31, 2015
Available-for-sale financial assets		
Common stocks	164.965	164.965
Total	164.965	164.046

Non-listed available for sale financial assets at December 31, 2016 and 2015 are as follows:

	Share %	December 31, 2016	December 31, 2015
Borsa Istanbul (BIST)	0,03374	159.711	159.711
Ak Finansal Kiralama A.Ş.	0,002	5.254	4.335
		164.965	164.046

As of December 31, 2016, the participation of the Company in Borsa Istanbul is 0,377%. The Company has 159.711 shares with a nominal value of TL 15.971.094.

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

5. Financial liabilities

Financial liabilities at December 31, 2016 and 2015 are as follows:

	December 31, 2016	December 31, 2015
Money market payables	271.725.168	80.031.316
Issued bonds and notes	270.836.303	-
Issued bonds and stock	21.414.308	2.838.845
Bank borrowings	29.047	1.858.994
	564.004.826	84.729.155

The average maturity of Money Market payables is 19 days and the average interest rate is 10,71% (December 31, 2015: 21 days – 13,58%). Bank loans are interest-free loans used in tax repayments.

- Within the scope of the issued certificate that dated 25.10.2016 and numbered as 29/973 of the Capital Markets Board, bond with 120 day maturity and fixed interest rate (discounted) with 100,000,000 nominal valued was sold on 01.11.2016 to Qualified Investors. .
- Within the scope of the issued certificate that dated 25.10.2016 and numbered as 29/973 of the Capital Markets Board, bond with 52 day maturity and fixed interest rate (discounted) with 200,000,000 nominal valued was sold on 07.11.2016 to Qualified Investors. .
- Within the scope of the issued certificate that dated 13.06.2016 and numbered as 19/646 of the Capital Markets Board, bond with 52 day maturity and fixed interest rate (discounted) with 12,050,000 nominal valued was sold on 07.11.2016 to Qualified Investors. .
- Within the scope of the issued certificate that dated 25.10.2016 and numbered as 34/1225 of the Capital Markets Board, bond with 93 day maturity and fixed interest rate (discounted) with 176,600,000 nominal valued was sold on 20.12.2016 to Qualified Investors. .

As of December 31, 2016, 52% of the Company's short-term financial liabilities account consists of liabilities related to bonds and YDI issues. (31 December 2015 - 3%). Details of the capital market instruments issued between December 31, 2016 are as follows:

#	Type	Nominal amount (TL)	Nominal amount sold (TL)	Export price (TL)	Maturity (date)	Redemption plan	Interest rate (simple)
1	Bond	100.000.000	100.000.000	98,786	120	defaten vade sonu ödemeli	%10,10
2	Bond	200.000.000	200.000.000	98,595	52	defaten vade sonu ödemeli	%10,00
3	Bond	12.050.000	12.050.000	98,595	52	defaten vade sonu ödemeli	%10,00
4	Bond	176.600.000	176.600.000	97,333	93	defaten vade sonu ödemeli	%10,75

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

6. Trade receivables and payables

Short-term trade receivables:

	December 31, 2016	December 31, 2015
Margin trading customers	193.638.319	148.284.311
Receivables from customers	67.586.885	288.334.485
Receivables from exchange and keeping	9.514.863	352.549
Receivables from Turkish Derivatives Exchange	10.804.483	6.242.146
Receivables from consultancy	162.173	7.990
Advance payments	1.146	1.085
Doubtful trade receivables	9.500	9.500
Provision for doubtful trade receivables	(9.500)	(9.500)
Total	281.707.869	443.222.566

As of December 31, 2016, the Company has allocated loans to its customers to be used in stock transactions at an amount of TL193.638.319 (December 31,2015 :TL 148.284.311). The Company has stocks traded in the foreign exchange for loans it has provided at an amount of TL 356.063.524 (December 31, 2015: TL 293.879.770).

As of December 31, 2016, the Company has doubtful trade receivables amounting to TL 9.500. (December 31, 2015 : TL 9.500)

As of December 31, 2016, the Company has short sale transactions at an amount of TL 2.151.909 (December 31, 2015 : TL 2.371.446).

Short-term trade payables:

	December 31, 2016	December 31, 2015
Payables to customers	79.361.656	83.809.360
Payables to suppliers	2.276.079	2.837.962
Payables to exchange and keeping	5.151.727	200.084.890
Other trade payables	2.480.881	2.393.366
Guarantees received from the market in order to obtain short selling	626.000	242.500
Total	89.896.343	289.368.078

7. Other receivables and payables

Other short-term receivables

	December 31, 2016	December 31, 2015
Deposits and guarantees given (*)	26.539.271	33.732.388
Derivative market guarantees	1.210.985	2.251.179
Other receivables	618.146	790.530
Doubtful trade receivables	289.832	-
Provision for doubtful trade receivables	(289.832)	-
Total	28.368.402	36.774.097

Ak Yatırım Menkul Değerler A.Ş.**Notes to the financial statements
as of December 31, 2016**

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

7. Other receivables and payables (continued)

(*) The given deposits and guarantees were given as a loaned guarantee for the security transactions to a bank on December 31, 2016.

Other long-term receivables

	December 31, 2016	December 31, 2015
Deposits and guarantees given (*)	14.159.480	2.823.414
	14.159.480	2.823.414

(*) As of December 31, 2016, it includes guarantee of TURKDEX amounting to TL 3.383.996 (December 31, 2015: TL 2.678.783).

8. Property and equipment

	Furniture and fixtures	Construction in progress	Leasehold improvement	Total
Net book value, January 1, 2016	2.545.650	-	1.451.522	3.997.172
Addition	1.108.235	378.946	190.388	1.677.569
Disposals	(73.256)	-	-	(73.256)
Transfers	-	(213.999)	174.249	(39.750)
Disposals depreciation	58.989	-	-	58.989
Depreciation expenses	(856.969)	-	(461.631)	(1.318.600)
Net book value, December 31, 2016	2.782.649	164.947	1.354.528	4.302.124
December 31, 2016				
Cost	5.806.246	164.947	2.648.721	8.619.914
Accumulated depreciation	(3.023.597)	-	(1.294.193)	(4.317.790)
Net book value, December 31, 2016	2.782.649	164.947	1.354.528	4.302.124
	Furniture and fixtures	Construction in progress	Leasehold improvement	Total
Net book value, January 1, 2015	746.053	-	361.832	1.107.885
Addition	2.351.693	1.711.305	4.216	4.067.214
Disposal	(15.180)	-	-	(15.180)
Transfers	-	(1.711.305)	1.397.621	(313.684)
Disposal Depreciation	15.180	-	-	15.180
Depreciation expense	(552.096)	-	(312.147)	(864.243)
Net book value, December 31, 2015	2.545.650	-	1.451.522	3.997.172
December 31, 2015				
Cost	4.771.267	-	2.284.084	7.055.351
Accumulated depreciation	(2.225.617)	-	(832.562)	(3.058.179)
Net book value, December 31, 2015	2.545.650	-	1.451.522	3.997.172

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

9. Intangible assets

December 31, 2016

	Computer software
Net book value, January 1, 2016	2.062.633
Additions	342.488
Redemption	(582.107)
Transfers	39.750
Amortization charge	-
Net book value	1.862.764

December 31, 2016

Cost	4.532.754
Accumulated amortization	(2.669.990)
Net book value	1.862.764

December 31, 2015

	Computer software
Net book value, January 1, 2015	958.947
Additions	1.201.412
Redemption	(404.769)
Transfers	313.684
Amortization charge	(6.641)
Net book value	2.062.633

December 31, 2015

Cost	4.150.516
Accumulated amortization	(2.087.883)
Net book value	2.062.633

10. Provisions, commitments and contingent assets or liabilities

	December 31, 2016	December 31, 2015
Short-term provisions		
Provision for personnel cases	494.529	213.600
Corporate tax allowance	-	2.049.164
Total	494.529	2.262.764

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

10. Provisions, commitments and contingent assets or liabilities (continued)

	2016	2015
Beginning of the period, January 1	213.600	217.440
Payments during the period	(22.000)	(61.240)
Charge for the period	302.929	57.400
End of the period, December 31	494.529	213.600

(b) Letters of guarantees given:

The letters of guarantees (TL) given to third parties are as follows:

	December 31, 2016	December 31, 2015
Istanbul Settlement and Custody Bank Inc	166.000.000	87.340.000
Borsa İstanbul A.Ş.	84.750.000	96.250.000
Privatization administration	370.000	250.000
Central Bank of Turkish Republic	1.800	1.800
Istanbul Chamber of Commerce	28.011	28.011
Istanbul 2 nd Executive Directorate	122.706	-
Others	9.000	9.000
Total	251.281.517	183.878.811

The sum of foreign currency guarantees given to third parties is USD 65.505.000 and USD 46.500.000 given to Istanbul Settlement and Custody Bank Inc (December 31, 2015 : USD 46.500.000) while USD 9.005.000 given Borsa İstanbul A.Ş. (December 31, 2015: USD 9.005.000) and USD 10.000.000 given BNP Paribas (December 31, 2015 : None).

(c) TURKDEX transactions

As of December 31, 2016, guarantees given regarding TURKDEX classified in other receivables at an amount of TL 1.513.704 (December 31, 2015: 2.254.179).

As of December 31, 2016, the cash guarantees given regarding TURKDEX transactions amounts to TL 3.383.996 (December 31, 2015: TL 2.678.783).

(d) Custodian services/Other

As of December 31, 2016, the nominal value of treasury bills, government bonds and stocks kept as trust in custody in the name of the customers is TL 162.898.515, TL 8.676.165.339, TL 3.160.062.970 respectively (December 31, 2015: TL 1.045.613.927, TL 7.611.752.824, TL 3.431.935.030).

As of December 31, 2016, the return value of repo / reverse repo transactions on behalf of customers at maturity date is TL 1.110.931.720 (December 31, 2015: TL 1.143.977.921). As of December 31, 2016, the balance of customers on banks is amount to TL 6.780.627 (December 31, 2015 : 2.472.452 TL).

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

10. Provisions, commitments and contingent (continued)

(e) Legal disputes

As of December 31, 2016, the legal disputes against the Company amount to TL 505.029 (December 31, 2015: TL 457.100). In the light of the assessments made regarding the lawsuits filed against the Company, provision amounting to TL 494.529 has been booked (December 31, 2015: TL 213.600).

As of December 31, 2016, the guarantee, pledge and mortgage position of the Company is as follows:

Collaterals, pledges and mortgages given (CPM)	December 31, 2016	December 31, 2015
A.Total amount of CPM given on behalf of its own legal entity	523.330.827	381.820.951
B.Total amount of CPM given on behalf of its subsidiaries included in consolidation	-	-
C.The total amount of CPM given in order to guarantee the debts of third parties to run the ordinary commercial activities	-	-
D. The total amount of other CPM	-	-
i. Total amount of CPM given on behalf of the main partner	-	-
ii. Total amount of CPM given on behalf of other group companies which are not in the scope of B ve C	-	-
iii. Total amount of CPM given on behalf of third parties which are not covered in C.	-	-
Total	523.330.827	381.820.951

11. Employee benefits

	December 31, 2016	December 31, 2015
Provision for short-term employment benefits		
Provision for personnel bonus	9.291.578	6.740.000
Total	9.291.578	6.740.000
	December 31, 2016	December 31, 2015
Provision for long-term employment benefits		
Provision for employment termination benefits	2.587.527	440.801
Provision for unused vacation rights	2.807.074	2.393.847
Total	5.394.601	2.834.648

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

11. Employee benefits (continued)

The provision for employment termination benefits is reserved in line with the explanations below:

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. The amount payable consists of one month's salary limited to a maximum of TL 4.092,53 (December 31, 2015: TL 3.828,37) for each period of service at December 31, 2016.

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of employees.

TFRS requires actuarial valuation methods to be developed to estimate the provision for employment termination benefits. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

	December 31, 2016	December 31, 2015
Discount rate (%)	3,64	3,62
Turnover rate to estimate the probability of retirement (%)	13,57	14,65

Additionally, the principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the liability is revised two times in a year, the amount of TL 4.426,16 at January 1, 2017 will be taken into consideration in calculating the reserve for employment termination benefit (January 1 2016: TL 4.092,53).

Movements in the provision for employee benefits during the year are as follows

	2016	2015
At January 1	440.801	240.358
Interest cost	26.448	14.442
Current year service cost	325.290	41.480
Paid during the period	(209.334)	(309.964)
Actuarial (gain) / loss	2.004.332	454.505
At December 31	2.587.527	440.801

Movements in the reserve for employment termination benefits during the current year are as follows:

	December 31, 2016	December 31, 2015
January 1	2.393.847	1.378.653
Payments during the year	(129.643)	(102.862)
Provision during the year	542.870	1.118.056
December 31	2.807.074	2.393.847

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

11. Employee benefits (continued)

Movements in the provision for unused vacation rights during the current year are as follows:

	December 31, 2016	December 31, 2015
January 1	2.393.847	1.378.653
Payments during the year	(129.643)	(102.862)
Provision (decrease) / reserved during the year	542.870	1.118.056
December 31	2.807.074	2.393.847

12. Other current assets and liabilities

a) Prepaid expenses

	December 31, 2016	December 31, 2015
Prepaid expenses	599.740	364.986
Total	599.740	364.986

b) Other short-term liabilities

	December 31, 2016	December 31, 2015
Taxes and funds payable	1.495.540	1.145.755
Expense accruals	191.518	321.119
Total	1.687.058	1.466.874

c) Debts under the benefits provided to employees

	31 Aralık 2016	31 Aralık 2015
Taxes and withholding taxes payable	2.450.845	1.520.014
Toplam	2.450.845	1.520.014

Ak Yatırım Menkul Değerler A.Ş.

**Notes to the financial statements
as of December 31, 2016**

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

13. Shareholders' equity

The share capital of the Company is TL 30.000.000 (December 31, 2015: TL 30.000.000) and consists of 30.000.000 (December 31, 2015: 30.000.000) authorized shares with a nominal value of TL 1 each. As of December 31, 2016 and 2015, the Company doesn't have any preferred stocks.

At December 31, 2016 the issued and fully paid-in share capital held is as follows:

	Share (%)	December 31, 2016	Share (%)	December 31, 2015
Akbank T.A.Ş.	100	30.000.000	100	30.000.000
Paid-in share capital (Historical cost)	100	30.000.000	100	30.000.000
Adjustment to share capital	100	16.802.123	100	16.802.123
Total paid-in share capital	100	46.802.123	100	46.802.123

Adjustment to share capital represents the restatement effect of cash and cash equivalent contributions to share capital in terms of equivalent purchasing power at December 31, 2004.

Retained earnings:

	December 31, 2016	December 31, 2015
Legal reserves	17.611.972	17.611.972
Special reserves(*)	41.618.582	41.618.582
Extraordinary reserves	48.954.400	22.781.522
Retained earnings	11.972.049	11.203.209
Total	120.157.003	93.215.285

Historical amounts of distributed dividends during the year

- (*) In accordance with Article 5, Clause 1, Subparagraph e of the Corporate Tax Law, the Company did not distribute TL 41,618,582 which makes up 75% of the profit amounting to TL 55,491,444 acquired from the sale of the Gümüşsuyu service building on July 26, 2012, and transferred this amount to its special fund account.

Profit distribution

The company has not distributed its net profit at an amount of TL 26.172.878 sourcing from operations of 2015 and transferred this amount to its extraordinary reserve (As at December 31, 2014, TL 22.781.522 transferred this amount to its extraordinary reserve).

Publicly traded companies shall perform dividend distribution in accordance with the Communiqué on Dividends II-19.1 of the Capital Market Board effective as of February 1, 2014.

Companies shall distribute their profits within the framework of the profit distribution policies to be determined by their general assemblies and in accordance with the provisions of the related regulation. Companies are required to include in minimum the following matters in their profit distribution policies:

- a) Whether dividend distribution will be made; and the distribution rate for shareholders and those participating in the distribution in the event of distribution.

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

13. Shareholders' equity (continued)

- b) Mode of payment of the dividend.
- c) Time of dividend payment, on condition that dividend payment procedures start at the latest as of the end of the period in which the general assembly meeting was held.
- d) Whether dividend advances will be distributed and the related principles in the event of distribution.

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

The part of the accumulated loss of the companies that exceeds the total of retained earnings, general legal reserves including premiums related to shares, the amounts arising from the adjustment of equity items except capital stock in accordance with inflation accounting are taken into account as discount items.

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

14. Sales and cost of sales

	January 1 - December 31, 2016	January 1 - December 31, 2015
Treasury bills	152.123.873	71.329.269
Stocks	516.585.806	95.562.177
Treasury bonds	6.111.483.279	3.913.453.589
Sales	6.780.192.958	4.080.345.035
Treasury bills	151.964.080	71.287.145
Stocks	514.883.310	96.925.871
Corporate bonds	6.111.256.235	3.912.832.241
Cost of sales	6.778.103.625	4.081.045.257

Other Operating Income / Expenses

	January 1 - December 31, 2016	January 1 - December 31, 2015
Service Revenue		
Stock purchase-sale underwriting commission	44.172.510	40.103.507
Public offer sales commission	20.121.355	18.401.581
FX Income	22.607.814	11.346.135
TURKDEX transaction commissions	10.182.157	6.505.376
Other commissions	6.592.132	5.686.300
Repo / reverse repo brokerage commissions	2.187.461	2.129.623
Wholesale market commissions	-	1.979.040
Exchange keeping commission	1.442.182	1.035.975
Commissions on capital increase	325.822	553.101
Government debt securities purchase-sale underwriting commission	790.960	450.205
Corporate finance consultancy commission	610.110	439.186
Preemptive right and dividend collection commissions	339.241	83.933
Stock purchase-sale underwriting commission	48.119	70.242
Total	109.419.863	88.784.204

	January 1 - December 31, 2016	January 1 - December 31, 2015
Deductions from services income		
Commissions paid to the agencies	(10.907.360)	(8.715.031)
Other commissions paid	(2.802.131)	(1.714.307)
Total	(13.709.491)	(10.429.338)

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

14. Sales and cost of sales (continued)

Interest income from operating activities	January 1 - December 31, 2016	January 1 - December 31, 2015
Income/loss from operations in TURKDEX, net	(1.091.622)	1.288.210
Income from derivative transactions	3.444.375	9.444.450
Total	2.352.753	10.732.660

15. Other operating income

Other operating income	January 1 - December 31, 2016	January 1 - December 31, 2015
Annual keeping fee from issuer	438.621	459.651
Other operating income	4.599.103	1.145.193
Total	5.037.724	1.604.844

16. Expenses by nature

Marketing, sales and distribution expenses

	January 1- December 31, 2016	January 1- December 31, 2015
Fixed yield securities transaction shares	3.131.433	2.466.657
Stock exchange shares	2.681.530	2.704.421
TURKDEX share	2.980.698	1.614.982
Money market exchange transaction commission expense	1.867.197	1.363.740
Other sales marketing expenses	1.707.161	655.606
Exchange and keeping expenses	4.579.359	1.920.767
Entertainment expenses	262.725	187.776
Securities L/B Market commission expense	719.509	286.574
Total	17.929.612	11.200.523

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

16. Expenses by nature (continued)

General Administrative Expenses

	January 1- December 31, 2016	January 1- December 31, 2015
Personnel expenses	47.639.965	34.229.640
Communication expenses	8.351.117	4.789.490
Information Technology expenses	3.748.028	2.594.426
Rent Expenses	4.196.084	3.390.024
Sundry taxes and duties	4.297.592	3.576.001
Other expenses	1.595.420	1.744.353
Depreciation and amortization (Notes 8, 9)	1.900.707	1.269.012
Legal expenses	326.881	81.728
Travel expenses	579.872	487.258
Unused vacation provisions (Note 11)	413.227	1.015.194
Transportation expenses	618.155	433.998
Research and Consultancy Fees	471.287	618.039
Outsource benefits expenses	214.982	
Stationary Expenses	252.039	288.777
Membership expenses	225.681	200.550
Provision for employment termination benefits (Note 11)	351.738	510.408
CMB protection fund of investors	214.187	7.524
Maintenance and Repair Expenses	382.650	268.348
Insurance expenses	24.130	16.309
Training expenses	96.962	56.764
Electricity, water and heating expenses	29.880	13.017
Total	75.930.584	55.590.860

17. Financial income

	January 1- December 31, 2016	January 1- December 31, 2015
Interest received from margin trading	21.221.708	10.221.693
Private sector bond yield income	11.171.367	8.579.034
Interest income from time deposits	65.175.533	6.483.703
Other interest income	6.005.136	2.820.393
Interest income from government bonds and Treasury bills	91.289	567.834
Portfolio dividend income	1.943.019	10.552
Government bonds and treasury bills rediscount	5.256	1.276
Gain on marketable securities	33.600	-
Valuation difference of derivative market transactions	302.719	-
Total	105.949.627	28.684.485

Ak Yatırım Menkul Değerler A.Ş.

**Notes to the financial statements
as of December 31, 2016**

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

18. Financial expenses

	January 1 - December 31, 2016	January 1 - December 31, 2015
Exchange Money Market interest expense, net	13.418.158	12.236.419
Common stock value decrease expense	14.427	33.600
Other expenses	57.947.458	2.283.038
Repo interest expenses, net	6.790.741	3.633.389
	78.170.784	18.186.446

19. Taxes on income

The Corporate Tax Law numbered 5520 became effective after being published in the Official Gazette dated June 21, 2006 and numbered 26205, with most provisions effective as of January 1, 2006. According to this Law, the corporate tax rate of the fiscal year 2016 is 20% (2015: 20%). Corporate tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc) and corporate income tax deductions (e.g. research and development expenditures deductions). No further tax is payable unless the profit is distributed.

In Turkey, withholding tax is not imposed on dividend payments to corporations resident in Turkey or to foreign-based taxpayers who draw an income through their permanent representatives or businesses in the country. Excluding these, withholding tax with a rate of 15% is imposed on dividend payments made to individuals and corporations. Additions of net income to capital are not deemed dividend payments.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is payable by the 14th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholders' equity for five years.

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 fill their corporate tax declarations on the 25th of the fourth month following the close of the financial year to which they relate. Additionally, tax authorities can audit the accounting records for five years and if they found inaccurate records, the amount of taxes to be paid could change.

Ak Yatırım Menkul Değerler A.Ş.**Notes to the financial statements****as of December 31, 2016**

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

19. Taxes on income (continued)**Tax expense**

	January 1 - December 31, 2016	January 1 - December 31, 2015
Prepaid taxes	8.036.627	7.339.416
Deferred tax income	(560.697)	(582.330)
Tax expense	7.475.930	6.757.086

Tax liability

	December 31, 2016	December 31, 2015
Corporate tax payable	8.036.627	7.339.416
Prepaid taxes	(10.597.952)	(5.290.252)
(Deductible) / Income tax payable (Note 10)	(2.561.325)	2.049.164

Reconciliation between the theoretical tax amount that would arise using the basic tax rate of the Company and the actual taxation charge for the period is stated below:

	December 31, 2016	December 31, 2015
Profit before tax	39.108.829	33.698.804
Theoretical income tax at the applicable tax rate of 20%	7.821.766	6.739.761
Additions	42.768	19.435
Deductions (-)	(388.604)	(2.110)
Current year tax expense	7.475.930	6.757.086

Deferred tax assets

	December 31, 2016		December 31, 2015	
	Cumulative temporary difference	Deferred tax assets/ liabilities	Cumulative temporary difference	Deferred tax assets/ Liabilities
Bonus payable to personnel	9.291.578	1.858.316	6.740.000	1.348.000
Claim provision	494.529	98.906	213.600	42.720
Unused vacation provision	2.807.074	561.415	2.393.847	478.769
Employment termination benefits	2.587.527	517.505	440.801	88.160
Deferred tax assets		3.036.142		1.957.649
Difference between carrying value and Tax base of property and equipment	2.723.937	(544.787)	2.521.956	(504.391)
Other	343.810	(68.763)	38.856	7.771
Deferred tax liabilities		(613.550)		(496.620)
Deferred tax assets, net		2.422.592		1.461.029

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

19. Taxes on income (continued)

	December 31, 2016	December 31, 2015
Beginning deferred tax assets, net	1.461.029	878.699
Deferred tax (expense)/ income	961.563	582.330
Ending deferred tax assets, net	2.422.592	1.461.029
	December 31, 2016	December 31, 2015
Deferred tax income	961.563	582.330
Deferred tax income recognized under shareholders' equity	(400.866)	-
Ending deferred tax assets, net	560.697	582.330

20. Derivative Instruments

The Company does not have any derivative instruments as of 31 December 2015. The details of derivative assets and liabilities as of 31 December 2016 are as follows

	Agreement amount	Assets	Liabilities
Hedging transactions (TL)	9.233.525	360.879	58.139
Toplam	9.233.525	360.879	58.139

21. Balances and transactions with related parties

(a) Balances with related parties

Marketable securities:

As at December 31, 2016, The Company does not have any special bonds and bills belonging to the related companies (December 31, 2015: TL 80.025).

The list of nominal values of these private sector bond and bills are as follows:

	December 31, 2016	December 31, 2015
Başkent Elektrik Dağıtım A.Ş.	-	77.845
Total	-	77.845

At December 31, 2016 the Company has listed equity shares of related parties at an amount of TL 536.190. (December 31, 2014 : TL 750.008).

Nominal values of these trading securities are as follows:

Deposits due from related parties:	December 31, 2016	December 31, 2015
Time deposit (Akbank T.A.Ş.)	451.142.898	-
Demand deposit (Akbank T.A.Ş.)	7.167.323	2.609.476
Foreign currency demand deposit (Akbank T.A.Ş.)	11.500.086	1.671.194
Total	469.810.307	4.280.670

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

Letters of credit received	December 31, 2016	December 31, 2015
Akbank T.A.Ş.	161.517	1.369.811
Akbank T.A.Ş. (TL – denominated amount of USD)	35.335.659	14.538
Total	35.497.176	1.384.349

Receivables from related parties	December 31, 2016	December 31, 2015
Ak Funds	271.123	157.014
Avivasa Retirement Funds	12.963.459	180.947.277
Akbank T.A.Ş.	78.601	26.075
Total	13.313.183	181.130.366

Payables to related parties	December 31, 2016	December 31, 2015
Ak Funds	-	4.527
Ak Investment Mutual Funds	211.542	450.754
AvivaSA Retirement Funds	14.950.132	654.952
Akbank T.A.Ş.	29.047	2.268.897
Hacı Ömer Sabancı Holding A.Ş.	18.058	55.561
BİMSA A.Ş.	2.916	149.953
Ak Sigorta A.Ş.	-	177
Total	15.211.695	3.584.821

(b) Transactions with related parties

Commission expenses and discounts from sales of services	January 1 - December 31, 2016	January 1 - December 31, 2015
Akbank T.A.Ş.	4.317.257	8.648.267
Ak Finansal Kiralama A.Ş.	2.742.955	551.940
Hacı Ömer Sabancı Holding A.Ş.	422.842	2.243.364
Brisa Bridges Sab. Lastik San Ve Tic AŞ.	94.339	88.255
Çimsa Çimento Sanayi ve Ticaret A.Ş.	33.434	69.249
Aksigorta A.Ş.	28.296	51.703
Teknosa A.Ş.	-	29.016
Yünsa Yünlü San. Ve Tic. A.Ş.	-	23.789
Sasa Dupont Sabancı Polyester Sanayi A.Ş.	26.940	13.070
Akçansa Çimento Sanayi Ticaret A.Ş.	12.940	10.456
Kordsa Endüstriyel İplik ve Kord Bezi San. ve Tic. A.Ş.	28.175	43.926
Başkent Elektrik Dağıtım A.Ş.	12.786	11.905
Other	394.930	274.455
Total	8.114.894	12.059.395

Ak Yatırım Menkul Değerler A.Ş.

**Notes to the financial statements
as of December 31, 2016**

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

20. Balances and transactions with related parties (continued)

Commission expenses and the discounts from sale of services	January 1 - December 31, 2016	January 1 - December 31, 2015
Akbank T.A.Ş	10.907.360	8.715.031
Total	10.907.360	8.715.031
Other operating and financial income:	January 1 - December 31, 2016	January 1 - December 31, 2015
Akbank T.A.Ş. (interest income)	46.613.805	5.579.740
Total	46.613.805	5.579.740
Operating expenses:	January 1 - December 31, 2016	January 1 - December 31, 2015
Aksigorta A.Ş. (insurance and other expenses)	726.550	600.010
AvivaSa Emeklilik ve Hayat A.Ş. (Ak Emeklilik A.Ş.) (insurance expenses)	748.827	533.676
Akbank T.A.Ş. (guarantee letter commission expense)	96.065	9.031
Akbank T.A.Ş. (rent expenses)	429.555	385.651
Hacı Ömer Sabancı Holding A.Ş. (rent expense)	3.187.079	2.803.473
Total	5.188.076	4.331.841

Salaries and other benefits paid to the Board of Directors and top management:

The total amount of wages, premiums, bonuses and similar financial benefits provided to the senior executives of the company in 2016 is TL 3.835.091 (December 31, 2015 – TL 2.673.974).

21. Financial instruments and financial risk management

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

i. Credit risk disclosures

Financial instruments contain an element of risk that the counterparties may be unable to meet the terms of the agreements. This risk is monitored in reference to credit ratings and managed by limiting the aggregate risk to any individual counterparty. Exposure to credit risk is also managed by obtaining collaterals in the form of listed equity securities. As of December 31, 2016 and 2015, the Company has no financial assets which are overdue but not impaired and the condition of which has been re-discussed, and which would otherwise be considered as overdue and impaired.

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

21. Financial instruments and financial risk management (continued)

	Receivables		Related parties	Other parties	Bank deposits	Derivative instruments	TURKDEX guarantees	Other	Total
	Trade receivables	Other receivables							
December 31, 2016	Related parties	Other parties	Related parties	Other parties	Bank deposits	Derivative instruments	TURKDEX guarantees	Other	Total
Maximum credit risk exposure at the report date	13.234.582	268.473.287	78.816	27.078.816	469.835.611	360.879	1.513.704	78.244.829	858.820.524
A. Secured part of maximum risk with guarantee	-	356.063.524	-	26.354.194	-	-	-	-	382.417.718
B. Net book value of unexpired or unimpaired financial assets	13.234.582	268.473.287	78.816	27.078.816	469.835.611	360.879	1.513.704	78.244.829	858.820.524
C. Off-balance sheet items with credit risks	-	-	-	-	-	-	-	-	-

	Receivables		Related parties	Other parties	Bank deposits	Derivative instruments	TURKDEX guarantees	Other	Total
	Trade receivables	Other receivables							
December 31, 2015	Related parties	Other parties	Related parties	Other parties	Bank deposits	Derivative instruments	TURKDEX guarantees	Other	Total
Maximum credit risk exposure at the report date (A+B+C+D)	181.130.366	262.092.200	-	34.522.918	36.104.167	-	2.251.179	31.888.619	547.989.449
A. Secured part of maximum risk with guarantee	-	293.879.770	-	28.604.576	-	-	-	-	323.484.346
B. Net book value of unexpired or unimpaired financial assets	181.130.366	262.092.200	-	34.522.918	36.104.167	-	2.251.179	31.888.619	547.989.449
C. Off-balance sheet items with credit risks	-	-	-	-	-	-	-	-	-

ii. Price risk

The trading securities of the Company, at an amount of TL 7.267.615 (December 31, 2015 : TL 6.532.229) are traded on Borsa Istanbul ("BIST"). Analyses were performed to assess the impact of market interest rate movements on the fair value of these trading securities. Based upon these analyses, if prevailing BIST index had been 5% higher or lower on December 31, 2015, and all other factors had remained the same, the net income for the period of the Company would not have increased or decreased at an amount of TL 363.381 (December 31, 2015: 326.612).

Ak Yatırım Menkul Değerler A.Ş.**Notes to the financial statements****as of December 31, 2016**

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

21. Financial instruments and financial risk management (continued)**iii. Information on market risk****Foreign currency risk**

The breakdown of the Company's foreign currency assets and liabilities as of December 31, 2015 and 2016 is as follows:

	December 31, 2016					
	TRY	USD	EUR	YEN	GBP	Other
1. Trade receivables	-	-	-	-	-	-
2a. Monetary financial assets (cash and bank accounts included)	11.500.086	8.745.345	1.902.089	1.174	63.318	788.160
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	-	-	-	-	-	-
4. Current Assets (1+2+3)	11.500.086	8.745.345	1.902.089	1.174	63.318	788.160
5. Trade receivables	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-	-	-
9. Total Assets (4+8)	11.500.086	8.745.345	1.902.089	1.174	63.318	788.160
10. Trade payables	-	-	-	-	-	-
11. Financial liabilities	-	-	-	-	-	-
12a. Other monetary financial liabilities	-	-	-	-	-	-
12b. Other non-monetary financial liabilities	-	-	-	-	-	-
13. Short term liabilities (10+11+12)	-	-	-	-	-	-
14. Trade payables	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-
16 a. Other monetary financial liabilities	-	-	-	-	-	-
16 b. Other non-monetary financial liabilities	-	-	-	-	-	-
17. Long term liabilities (14+15+16)	-	-	-	-	-	-
18. Total liabilities (13+17)	-	-	-	-	-	-
19. Off balance sheet derivative financial instruments denominated in foreign currency net asset /(liability) position(19a-19b)	-	-	-	-	-	-
19a. Off-balance sheet derivative assets denominated in foreign currencies	-	-	-	-	-	-
19b. Off-balance sheet derivative liabilities denominated in foreign currencies	-	-	-	-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	11.500.086	8.745.345	1.902.089	1.174	63.318	788.160
21. Monetary items net foreign currency asset / (liability) position (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	11.500.086	8.745.345	1.902.089	1.174	63.318	788.160
22. Fair value of derivative instruments used for currency hedge	-	-	-	-	-	-
23. Total amount of foreign currency assets used for hedge	-	-	-	-	-	-
24. Total amount of foreign currency liabilities used for hedge	-	-	-	-	-	-

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

21. Financial instruments and financial risk management (continued)

	December 31, 2015					
	TRY	USD	EUR	YEN	GBP	Other
1. Trade receivables	-	-	-	-	-	-
2a. Monetary financial assets (cash and bank accounts included)	3.415.754	3.296.574	118.828	-	-	351
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	-	-	-	-	-	-
4. Current Assets (1+2+3)	3.415.754	3.296.574	118.828	-	-	351
5. Trade receivables	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-	-	-
9. Total Assets (4+8)	3.415.754	3.296.574	118.828	-	-	351
10. Trade payables	-	-	-	-	-	-
11. Financial liabilities	-	-	-	-	-	-
12a. Other monetary financial liabilities	-	-	-	-	-	-
12b. Other non-monetary financial liabilities	-	-	-	-	-	-
13. Short term liabilities (10+11+12)	-	-	-	-	-	-
14. Trade payables	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-
16 a. Other monetary financial liabilities	-	-	-	-	-	-
16 b. Other non-monetary financial liabilities	-	-	-	-	-	-
17. Long term liabilities (14+15+16)	-	-	-	-	-	-
18. Total liabilities (13+17)	-	-	-	-	-	-
19. Off balance sheet derivative financial instruments denominated in foreign currency net asset /(liability) position(19a-19b)	-	-	-	-	-	-
19a. Off-balance sheet derivative assets denominated in foreign currencies	-	-	-	-	-	-
19b. Off-balance sheet derivative liabilities denominated in foreign currencies	-	-	-	-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	3.415.754	3.296.574	118.828	-	-	351
21. Monetary items net foreign currency asset / (liability) position (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	3.415.754	3.296.574	118.828	-	-	351
22. Fair value of derivative instruments used for currency hedge	-	-	-	-	-	-
23. Total amount of foreign currency assets used for hedge	-	-	-	-	-	-
24. Total amount of foreign currency liabilities used for hedge	-	-	-	-	-	-

Interest rate risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. Sensitivity of the Company to interest rate risk is related to mismatch regarding maturities of assets and liabilities accounts. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

Based upon the analyses performed by the Company for the government bonds with the carrying value of TL 56.660.693, if prevailing TL interest rates had been 1% higher or lower at December 31, 2016, and all other factors had remained the same, the net income for the period of the Company would have decreased by TL 612.007 or increased by TL 452.379 (December 31, 2015: Government bonds with the carrying value of TL 22.458.803, the net income for the period of the Company would have decrease by TL 1.547.386 or increase by TL 224.093).

(Convenience translation of financial statements originally issued in Turkish, see note 2.G)

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

21. Financial instruments and financial risk management (continued)

	December 31, 2016	December 31, 2015
Financial instruments with fixed interest rates:		
Financial assets	448.276.078	30.000.000
Securities held for trading	1.261.066	846.146
Financial liabilities	271.725.168	80.031.316
Financial instruments with variable interest rates		
Securities held for trading	55.399.627	21.612.657

Annual average interest rates for financial instruments at December 31, 2016 and 2015:

	December 31, 2016	December 31, 2015
	TL	TL
Assets		
Cash and due from banks:		
- Deposits with banks	12,05	11,93
- Reverse repo transactions	16,38	-
- Marketable securities held for trading	47,09	45,44
- Margin tradings	13,02	15,36
Liabilities		
Other liabilities		
- Due to exchange money markets	9,81	11,69

(Convenience translation of financial statements originally issued in Turkish, see note 2.G)

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

21. Financial instruments and financial risk management (continued)

v. Liquidity risk

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

The Company's assets and liabilities in carrying amounts classified in terms of periods remaining to contractual repricing dates are as follows:

	December 31, 2016					
	Up to 1 month	Up to 3 months	3 months - to 1 year	1 year - 5 years	Non-interest bearing	Total
Cash and cash equivalents	451.066.820	-	-	-	18.768.791	469.835.611
Financial investments	287.027	2.958.519	36.846.690	16.560.532	7.267.615	63.920.384
Trade receivables	281.706.723	-	-	-	1.146	281.707.869
Derivative instruments	90.739	270.140	-	-	-	360.879
Other short-term receivables	27.157.417	-	-	-	1.210.985	28.368.402
Other long-term receivables	-	-	-	-	14.159.480	14.159.480
Financial assets	-	-	-	-	164.965	164.965
Total assets	760.308.726	3.228.659	36.846.690	16.560.532	41.572.982	858.517.590
Financial liabilities	563.975.779	-	-	-	29.047	564.004.826
Derivative liabilities	12.843	45.317	-	-	-	58.160
Trade payables	89.896.343	-	-	-	-	89.896.343
Total Liabilities	653.884.965	45.317	-	-	29.047	653.959.329
Liquidity	106.423.761	3.183.342	36.846.690	16.560.532	41.543.935	204.558.261

	December 31, 2015					
	Up to 1 month	Up to 3 months	3 months - to 1 year	1 year - 5 years	Non-interest bearing	Total
Cash and cash equivalents	30.011.360	-	-	-	6.092.807	36.104.167
Financial investments	-	1.153.164	11.834.570	9.380.277	6.532.229	28.900.240
Trade receivables	148.284.311	-	-	-	294.938.255	443.222.566
Other short-term receivables	2.251.179	-	-	-	34.522.918	36.774.097
Other long-term receivables	-	-	-	-	2.823.414	2.823.414
Financial assets	-	-	-	-	164.965	164.965
Total assets	180.546.850	1.153.164	11.834.570	9.380.277	345.074.588	547.989.449
Financial liabilities	80.031.316	-	-	-	4.697.839	84.729.155
Trade payables	-	-	-	-	289.368.078	289.368.078
Total Liabilities	80.031.316	-	-	-	294.065.917	374.097.233
Liquidity	100.515.534	1.153.164	11.834.570	9.380.277	51.008.671	173.892.216

(Convenience translation of financial statements originally issued in Turkish, see note 2.G)

Ak Yatırım Menkul Değerler A.Ş.

Notes to the financial statements

as of December 31, 2016

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

21. Financial instruments and financial risk management (continued)

The following table presents the cash flows payable by the Company under non-derivative financial liabilities remaining contractual maturities as of December 31, 2015 and 2014:

December 31, 2016

	Carrying value	Up to 1 month	1 month - to 3 months	3 months- to 1 Year	Total of contractual cash outflows
Financial liabilities	564.004.826	292.640.954	272.279.303	-	564.920.257
Trade payables	89.896.343	89.896.343	-	-	89.896.343
Other short-term payables	1.687.058	1.687.058	-	-	1.687.058
Total liabilities	655.588.227	384.224.355	272.279.303		658.954.503

December 31, 2015

	Carrying value	Up to 1 Month	1 month - to 3 months	3 months- to 1 Year	Total of contractual cash outflows
Financial liabilities	84.729.155	55.319.258	30.010.916	-	85.330.173
Trade payables	289.368.078	289.368.078	-	-	289.368.078
Other short-term payables	1.466.874	1.466.874	-	-	1.466.874
Total liabilities	375.564.107	346.154.210	30.010.916		376.165.125

Fair value of the financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

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

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value.

Market prices were based on determining the fair value of the securities.

i. Financial assets:

The fair values of financial assets carried at cost, including cash and cash equivalents and other financial assets are booked with their discounted values and are considered to approximate their respective carrying values due to their short-term nature and their insignificant potential damages.

(Convenience translation of financial statements originally issued in Turkish, see note 2.G)

Ak Yatırım Menkul Değerler A.Ş.

**Notes to the financial statements
as of December 31, 2016**

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

22. Financial instruments (continued)

ii. Financial liabilities:

The fair value of monetary liabilities is considered to approximate their respective carrying values.

The fair values and carrying values of financial assets and liabilities of the Company are as follows:

	December 31, 2016		December 31, 2015	
	Fair value	Carrying value	Fair value	Carrying value
Cash and cash equivalents	469.835.611	469.835.611	36.104.167	36.104.167
Trade receivables	281.707.869	281.707.869	443.222.566	443.222.566
Financial liabilities	564.920.257	564.004.826	85.330.173	84.729.155
Trade payables	89.896.343	89.896.343	289.368.078	289.368.078

The value of the financial assets measured at fair value at the balance sheet, is determined with the quoted market prices that the first level of the fair value hierarchy.

23. Subsequent events

None.

24. Disclosure of other matters that may affect financial statements significantly or is necessary for financial statements to be clear, interpretable and comprehensive

Capital management and capital adequacy requirements

Communiqué Serial: V, No: 34 of the minimum core capital requirement of capital adequacy bases floor tool of institutions according to Article 7, is required TL 2.000.000 for summary authorized intermediaries, TL 10.000.000 for partial authorized intermediaries and TL 25.000.000 for broad authorized intermediaries.