

İŞ INVESTMENT



2015

ANNUAL

REPORT

**HOW TO STAY IN TOP
FORM IN THE WORLD OF
INVESTMENT**

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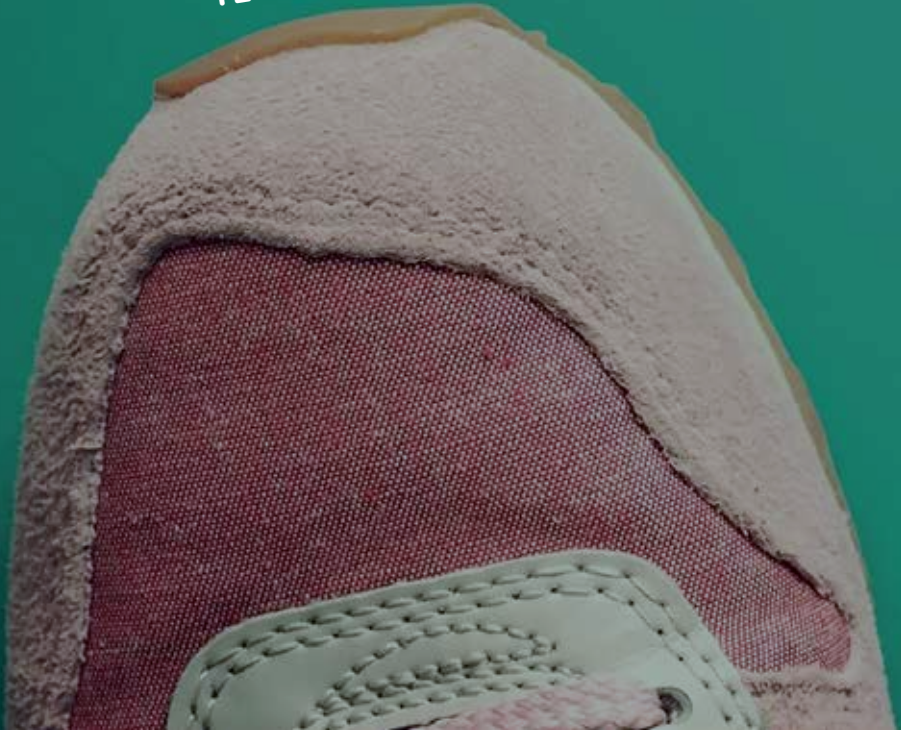
- 121 Consolidated Financial Statements as at and for the Year Ended
31 December 2015 with Independent Auditors' Report Thereon

HOW DOES ONE BECOME AND REMAIN THE LEADER OF AN INDUSTRY CHARACTERIZED BY INTENSIVE COMPETITION? IS IT POSSIBLE TO CONSTANTLY IMPROVE ONE'S PERFORMANCE AND ALWAYS STAY IN TOP FORM? HOW DO YOU CONTINUE TO ACHIEVE STABLE GROWTH DESPITE MARKET VOLATILITY?

IS INVESTMENT – THE LEADING INVESTMENT FIRM OF TURKEY'S CAPITAL MARKETS – HAS SUMMARIZED THE FACTORS BEHIND ITS SUCCESS, FOR YOUR INFORMATION IS INVESTMENT, WHICH REMAINED IN TOP FORM ONCE AGAIN IN 2015, PRESENTS FOR YOU THE KEY DETAILS THAT WILL SHAPE THE FUTURE OF INVESTMENT...

WALKING REGULARLY

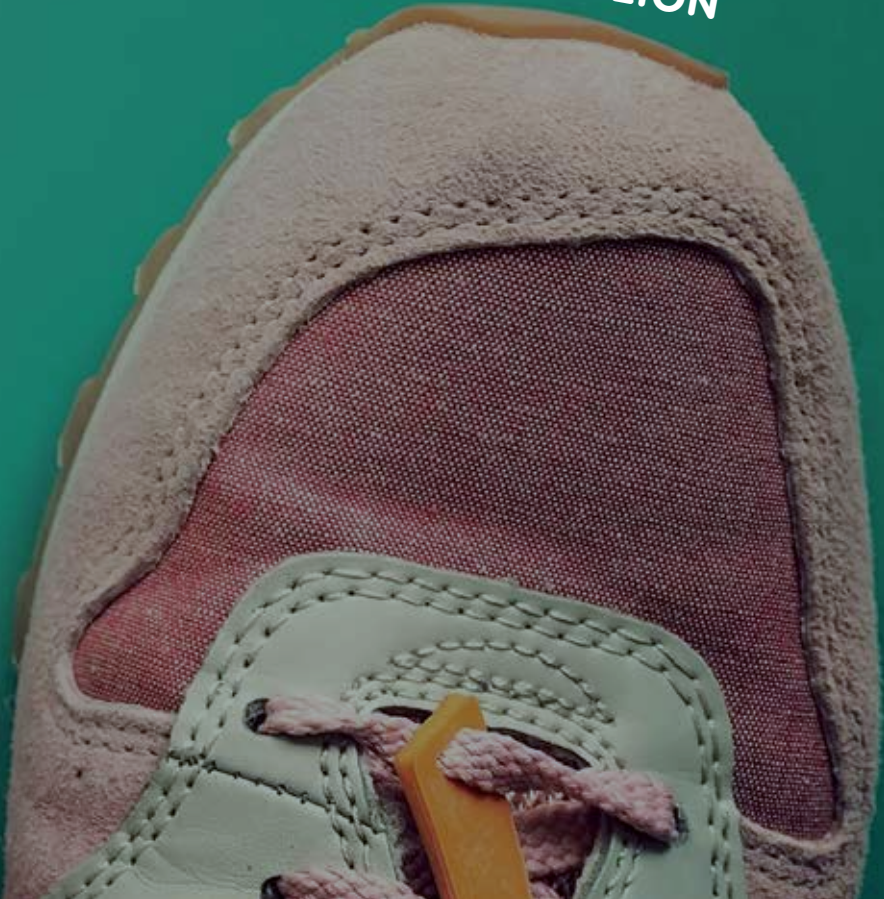
ASSET SIZE IN 2014
TL 5.3 BILLION



SINCE THE DAY WE WERE FOUNDED IN 1996,
WE HAVE ALWAYS MOVED FORWARD, STRIDING
CONFIDENTLY INTO THE FUTURE. THANKS TO OUR
ASSET SIZE, WE CONTINUE TO MOVE FORWARD:
IS INVESTMENT REPRESENTS ALMOST ONE-THIRD
OF TOTAL ASSETS UNDER MANAGEMENT IN THE
INVESTMENT SECTOR IN TURKEY.

ASSET SIZE IN 2015

TL 5.8 BILLION



**FOCUSING ON
EXERCISE**



WE ARE ALWAYS WORKING TO INCREASE OUR STRENGTH AS THE INVESTMENT FIRM BOASTING THE WIDEST CORPORATE AND RETAIL CLIENT BASE IN THE COUNTRY. WITH OUR INNOVATIVE PRODUCTS AND SERVICES, WE MAKE A DIFFERENCE, AS WE GROW EVER STRONGER IN OUR CORE BUSINESS AREAS.

IS INVESTMENT'S LEVERAGED
TRANSACTIONS IN 2015
TL 932 BILLION

IS INVESTMENT'S LEVERAGED
TRANSACTIONS IN 2014
TL 683 BILLION

INCREASING FLEXIBILITY

WARRANT MARKET SHARE IN 2014
15%

AT IS INVESTMENT, WE DIVERSIFY OUR REVENUE STREAMS WITH THE INVESTMENT ALTERNATIVES WE OFFER TO INVESTORS. WE DELIVER HIGH VALUE-ADDED, FLEXIBLE SOLUTIONS IN BROKERAGE SERVICES, INVESTMENT ADVISORY, PORTFOLIO MANAGEMENT AND CORPORATE FINANCING.

WARRANT MARKET SHARE IN 2015
35%



MAKING USE OF ADVANCED TECHNOLOGY

OUR ADVANCED TECHNOLOGY
INFRASTRUCTURE IS THE DRIVING
FORCE BEHIND OUR PERFORMANCE. WE
REDUCE TRANSACTION TIMES DOWN TO
MILLISECONDS. WE ALSO DELIVER MARKET
DEVELOPMENTS, ANALYSIS, FORECASTS
AND COMMENTARY TO OUR INVESTORS.



*International Capital Markets Transactions



AND WE BOAST
LOTS OF LIQUIDITY...

WE HAVE BECOME **BORSA ISTANBUL'S FIRST LIQUIDITY PROVIDER** UNDER THE STOCK MARKET LIQUIDITY PROVIDER SYSTEM DEVELOPED BY BORSA ISTANBUL, WHICH AIMS TO PROVIDE LIQUIDITY SUPPORT TO STOCKS WITH LOW TRADING VOLUMES.



STOCK MARKET TRADING
VOLUME IN 2015

TL 151 BILLION —

STOCK MARKET TRADING
VOLUME IN 2014

TL 135 BILLION —

CONTINUOUSLY IMPROVING FORM

IS INVESTMENT IN BRIEF

IS INVESTMENT LEADS THE SECTOR WITH THE TL 20.7 BILLION CONSOLIDATED PORTFOLIO IT MANAGED AS OF END-2015.

HIGH VALUE-ADDED SERVICES AND SOLUTIONS

Founded in 1996 by İşbank, IS Investment provides local and foreign investors with high added-value services & solutions in domestic & international capital markets in the areas of:

- Corporate finance
- Investment advisory
- Asset management
- Brokerage
- Research

THE INDUSTRY LEADER

As of end-2015, IS Investment is the sector leader with its consolidated AuM size of TL 20.7 billion. With 23.1% and 18.2% shares of the mutual and pension fund markets respectively, the Company's combined corporate and individual client base is bigger than that of any other brokerage in Turkey. IS Investment's own assets amounting to TL 5.8 billion at end- 2015 by themselves corresponded to more than a third of the sector's total assets.



EXTENSIVE SERVICE NETWORK

IS Investment has eleven branches in Turkey: six in İstanbul (Akaretler, Kalamış, Levent, Maslak, Yeniköy, Yeşilköy) and one each in Ankara, İzmir, Bursa, Antalya, and Adana. The Company's client service reach is greatly extended by four liaison offices in Turkey (Diyarbakır, Kırıkkale, Mersin, and İstanbul-Suadiye) and a fifth in Kazakhstan (Almaty) and by the more than 1,300 İşbank branches scattered across Turkey and acting as IS Investment agents in the country's industry, trade, and population centers.

Wholly-owned IS Investment subsidiaries in London (Maxis Investments Securities) and Dubai (IS Investments Gulf) enhance the Company's effectiveness in international markets while also giving

its clients access to a diversified range of financial products.

CORPORATE GOVERNANCE RATING: 9.05

Evaluating the corporate governance practices under the regulations of the Capital Markets Board of Turkey, JCR Eurasia Rating upgraded IS Investment's corporate governance rating from 8.91 to 9.05 points out of 10 (AAA (Trk) / Distinctive) for the overall level of compliance.

LONG-TERM NATIONAL CREDIT RATING: AA+

After conducting a review of its previously-announced long-term national credit rating, in June Fitch Ratings assigned IS Investment an "AA+" rating.

IS INVESTMENT: CORPORATE HISTORY

FOR THE FIRST TIME, IS INVESTMENT INTRODUCED DOLLAR/TL, EURO/DOLLAR, GOLD, DUEL AND PETROLEUM WARRANTS TO THE TURKISH CAPITAL MARKETS.

Established in 1996 as the investment banking arm of Isbank Group in Istanbul, IS Investment provides a wide array of financial services to local and foreign investors, including corporate finance, investment advisory, asset management, brokerage and research.

IS Investment, representing approximately a third of the sector with its TL 5.8 billion asset size, reached TL 40.5 million consolidated net income as of end of 2015. With its consolidated AuM size of TL 20.7 billion, IS Investment has more than 20% market share in the Turkish fund market. IS Investment (ISMEN) went public in May 2007 and the first investment house rated & granted with a credit rating of 'AA+(tur)' with stable outlook by Fitch Ratings. In addition to that, IS Investment is the first investment house that has a corporate governance rating. Evaluating the corporate governance practices under the regulations of the CMB, JCR Eurasia Rating has assigned 9.05 points out of 10 (AAA (Trk) / Distinctive) for the overall level of compliance.

IS Investment has been the undisputed leader of both the Borsa Istanbul equity market since its inauguration 13 years ago. IS Investment ranked second in the derivatives market as of end-2015, having been the market leader in that area since the foundation of the market in 2005. Through the TradeMaster electronic trading platform that it launched in 2007, IS Investment gives investors the opportunity to trade online not just in domestic markets but also in more than 30 stock, option, futures and mercantile exchanges located all over the world.

In the corporate finance business line, IS Investment provides a broad range of public offerings (equity and bond), mergers & acquisitions, private sector advisory, project finance advisory and private equity advisory.

Also known with its pioneer role and innovative reputation in the sector with new products and market tools; IS Investment launched the first hedge fund in Turkey. In November 2010, it became the first local investment house to offer investors brokerage house warrants when trading in these instruments began at Borsa Istanbul. In April 2012, IS Investment became the first brokerage to issue its own debt instruments. In March 2013, IS Investment performed the first public TL sukuk issue from a corporate issuer, marking the opening of the TL domestic sukuk market for corporate issuers.

IS Investment is still the only firm that issues Düello, USD/TL, gold per ounce and Euro/USD warrants. In 2015, IS Investment introduced oil and DAX warrants to investors and the Turkish capital markets for the first time, enabling investments in Brent crude oil and Germany's DAX index.

As a result of its efforts to boost the liquidity of low-volume publicly traded shares on Borsa Istanbul by quoting both buying and selling prices for them, IS Investment became the exchange's first "equity market liquidity provider".

STANDOUT AND LEADER

AWARDS

- Global Finance: Best Investment Bank of Turkey, 2016
- Ethical Values Association: ETİKA Türkiye Award - 2012, 2013, 2014
- Borsa İstanbul: Equity Market Trading Volume Leader - 2013, 2014
- Borsa İstanbul: Futures & Options Market Trading Volume Leader - 2013, 2014
- Capital Magazine: Turkey's Most Admired Brokerage - 2003, 2004, 2005, 2008, 2009, 2010, 2011, 2012, 2013, 2014
- EMEA Finance: Best Brokerage House - 2012, 2013, 2014
- EMEA Finance: Turkey's Best Investment Bank - 2010, 2011, 2012, 2013, 2014
- Euromoney: Turkey's Best M & A House - 2009, 2014
- Euromoney: Turkey's Best Investment Bank - 2010, 2011, 2013
- Corporate Governance Association of Turkey: Company with the Highest Rating in the Board of Directors Category - 2011
- FT/Mergermarket: Financial Mergers & Acquisitions Consultant of the Year in Turkey - 2010
- Borsa İstanbul 25th Year Awards: Company with the Highest Equities Trading Volume - 2010
- Euromoney: Turkey's Best Brokerage - 2007, 2008

IS INVESTMENT'S FIRSTS

IS INVESTMENT, EXPANDING ITS WARRANT OFFERING DURING THE YEAR, ASSUMED A PIONEERING POSITION IN 2015 BY INTRODUCING OIL WARRANTS TO INVESTORS AND THE CAPITAL MARKETS FOR THE FIRST TIME.

1974

First marketable securities unit

1987

First mutual fund

1988

First privatization via a public offering: Teletaş

1990

First online securities trading

1993

First "Type A" (equity) mutual fund

1999

First online public offering

2000

First public offering via ATMs

2008

Turkey's first hedge fund: IS Investment Hedge Fund

2010

First Turkish company to issue intermediary institution warrants

First public offering by a foreign firm on the Istanbul Stock Exchange: DO&CO

2011

First FX-based warrant trading

2012

First brokerage house to issue publicly-floated commercial paper in Turkey's capital markets

First company to trade on the Borsa Istanbul Derivatives Market

2013

First private-sector leasing certificates (sukuk) denominated in Turkish lira

2014

Borsa Istanbul's first authorized liquidity provider

First outperformance warrant issue

2015

FIRST TIME ISSUE OF OIL WARRANTS



KEY FINANCIAL HIGHLIGHTS

WITH ASSETS AMOUNTING TO TL 5.8 BILLION, IS INVESTMENT ACCOUNTS FOR ABOUT ONE-THIRD OF TOTAL ASSETS IN THE SECTOR IN TURKEY.

Summary Balance Sheet (TL Thousand)	31 December 2015	31 December 2014
Assets		
Current Assets	5,586,431	5,186,366
Fixed Assets	194,809	168,774
Total Assets	5,781,240	5,355,140

Liabilities		
Short-Term Liabilities	4,697,546	4,294,968
Long-Term Liabilities	175,486	102,195
Non-Controlling Interests	350,031	400,638
Shareholders' Equity	558,177	557,339
Total Liabilities	5,781,240	5,355,140

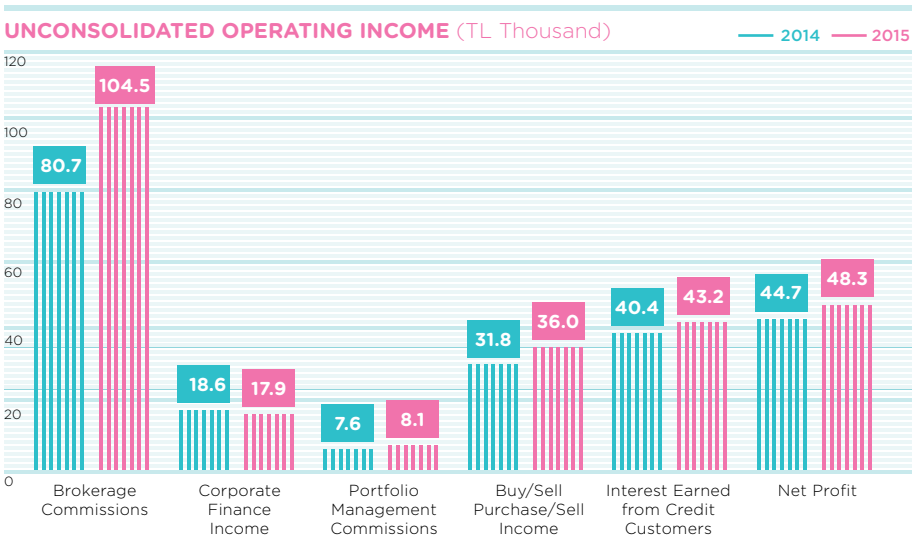
Summary Income Statement (TL Thousand)	1 January-31 December 2015	1 January-31 December 2014	Annual Change (%)
Sales Revenue, Net	66,026	110,075	(40)
Interest and Derivative Income from Operating Activities, Net	127,193	106,513	19
Income from Services, Net	136,006	112,871	20
Other Operating Income, Net	48,308	42,967	12
Gross Profit	377,533	372,426	1
Operating Expenses	(314,480)	(266,526)	18
Other Income/Expenses, Net	(8,485)	(2,084)	
Operating Profit	54,568	103,816	(47)
Share of Profit/(Loss) of Equity Accounted Investees	(734)	(291)	
Financial Income/(Expenses), Net	(20,095)	(3,033)	
Profit before Tax from Continuing Operations	33,739	100,492	(66)
Tax Expense	(11,331)	(7,922)	
Period Profit/Loss	22,408	92,570	(76)
Non-controlling Interests	(18,067)	29,674	
Net Profit (Equity Holders of the Main Company)	40,475	62,896	(36)
Earnings per Share from Continuing Operations (TL)	0.1140	0.1772	(36)

The financial statements and notes to the financial statements of IS Investment are available at www.isinvestment.com.

Financial Ratios	31 December 2015	31 December 2014
Current Assets/Short-Term Liabilities	1.19	1.21
Total Liabilities/Equity	5.37	4.59
Return on Equity (%)	7.30	11.7

Unconsolidated Operating Income (TL Thousand)	2014	2015	Annual Change (%)
Commission Revenues*	107,742	131,290	22
Interest and Trading Income	87,041	86,664	-
Total Operating Income	194,783	217,854	12

* Client based FX margin trading revenues have been included in the commission revenues.



KEY FINANCIAL HIGHLIGHTS

IN 2015, IS INVESTMENT'S CONSOLIDATED COMMISSION REVENUES INCREASED BY 24% COMPARED TO 2014, CLIMBING TO TL 166.6 MILLION.

CONSOLIDATION EFFECT

Net Profit (TL Thousand)	2014	2015	Annual Change(%)
IS Investment (Non-consolidated)	44,693	48,291	8
Foreign Based Subsidiaries	(638)	(5,727)	n.a.
IS Investment Trust	7,618	1,664	(78)
IS Private Equity*	2,203	(7,331)	n.a.
IS Asset Management	7,889	9,155	16
Efes NLP Asset Management	16,624	12,941	(22)
Elimination Adjustments**	(15,493)	(18,518)	n.a.
Consolidated Net Profit	62,896	40,475	(36)

* Profit attributable to equity holders of the company reallocated in the above table, which may differ from the disclosed financial statements.

** Dividend and revenue elimination with subsidiaries, which is also reallocated and may differ from the disclosed financial statements.

Consolidated Operating Income (TL Thousand)	2014	2015	Annual Change (%)
Interest and Trading Income	238,275	210,954	(11)
Commission Revenues*	134,151	166,578	24
Total Operating Income	372,426	377,532	1

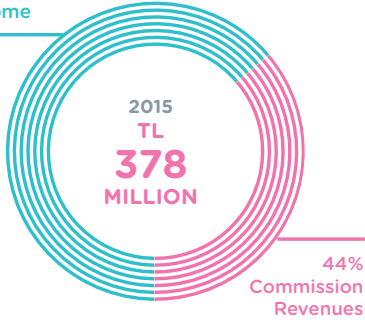
* Client based FX margin trading revenues have been included in the commission revenues.

Commission Revenues (TL Thousand)	2014	2015	Annual Change (%)
Brokerage Commissions*	85,979	108,472	26
Corporate Finance Income	18,565	17,858	(4)
Portfolio Management Commissions	27,552	37,754	37
Other Commissions	2,055	2,494	21
Total	134,151	166,578	24

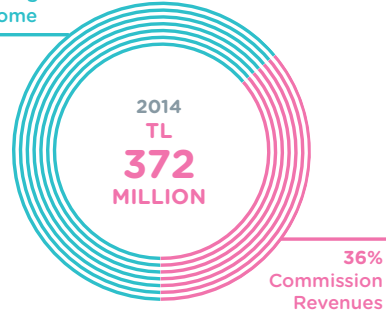
* FX margin trading revenues have been added to the brokerage commission.

OPERATING INCOME (%)

56%
Interest and
Trading
Income



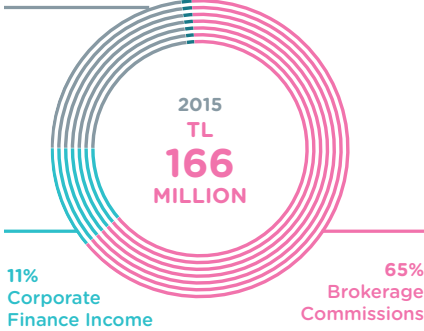
64%
Interest and
Trading
Income



COMMISSION REVENUES (%)

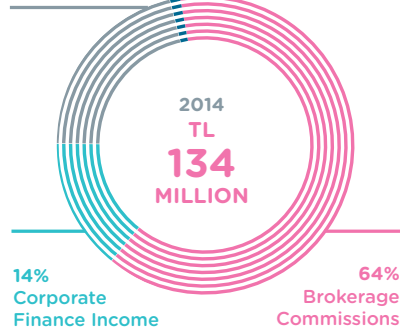
23%
Portfolio
Management
Commissions

1%
Other
Commissions



21%
Portfolio
Management
Commissions

1%
Other
Commissions



SHAREHOLDER STRUCTURE



İşbank*	66.7%
İş Leasing	2.4%
İş Factoring	2.4%
Camiş Yatırım Holding	0.2%
Free Float**	28.2%

Paid-in/Issued Capital* TL 355,000,000
Registered Capital Ceiling TL 600,000,000

* As per the resolution of the Annual General Meeting, TL 23.0 million of the 2014 net profit (6.92% per share) was distributed as stock dividend in June 2015. Therefore, the issued capital increased to TL 355 million, up from TL 332 million.

* In the last week of the year and after making significant acquisitions on Borsa İstanbul, İşbank increased its share from 65.6% to 66.7%.

** According to the report of the Central Registry Agency (MKG) dated 31 December 2015, İS Investment's free float was 28.2%.

CEASELESSLY TIRELESSLY

CORPORATE VALUES, MISSION, VISION

IS INVESTMENT CONTINUES ITS SUCCESSFUL PERFORMANCE BY SHAPING ALL ITS BUSINESS PROCESS IN THE LIGHT OF THE COMPANY'S MISSION, VISION AND CORPORATE VALUES.

CUSTOMER ORIENTATION

To be close to our customers, to be able to make risk-return analysis correctly in compliance with their expectations, to be able to provide service at the necessary and desired quality with the aim of increasing the assets of our companies in line with this analysis.

MARKET FOCUS

To be able to create the highest possible added value for our corporation and investors in line with the developments taking place by instantly monitoring domestic and foreign capital markets.

DYNAMISM AND INNOVATION

To constantly seek the better and the newer with an infinite energy for the continuous development of our products, services and values by staying loyal to our corporate policies and in the most appropriate way for market conditions with its human capital which is competent and expert in its field.

CONFIDENTIALITY

To observe confidentiality principles within the scope of laws, our corporate policies and ethical values in subjects which qualify as inside information that might affect our share values and the identities and transactions of our customers.

REPUTATION

To continue to be the representative of the feelings of trust and success created by the brand "İş," which we proudly represent in capital markets.

DEVELOPING THE STAFF

To ensure the continuous training and development of our expert personnel that we have incorporated in compliance with our values with corporate social responsibility understanding; to apply a human resources policy within a comfortable, safe and certain career plan by providing equal rights to those who are under equal circumstances without discriminating on the basis of religion, language, race and sex.

TEAM WORK

To bring productivity to the highest levels by creating a synergy that combines the division of labor and cooperation, efficient sharing and solidarity.

RESPECT FOR THE LAWS, CORPORATE GOVERNANCE PRINCIPLES AND ETHICAL VALUES

To be able to realize the best international application in terms of compliance with corporate governance principles with an effective risk management and internal control mechanism, a transparent governance to make the success in our financial performance and market sustainable in compliance with the laws and our ethical values.

PERFECTIONISM

To remain aware that anyone can be better by trying to be perfect all the time.

OBJECTIVITY AND IMPARTIALITY

To ensure that our market commentary are realized with an objective understanding by carrying out relations with the customer without allowing to any conflict of interest while fulfilling capital market activities, and informing our shareholders correctly, fully and timely.

SOCIAL RESPONSIBILITY

While trying to fulfill our aims of growth and obtaining profit, to exert maximum effort so that our employees, the environment and other internal and external factors provide maximum benefit.

MISSION

- To provide all kinds of investment banking services under one roof
- To produce qualified information, to establish information-based strategies and to create value
- To be innovative in product and service development
- To lead the development of capital markets
- To follow technological developments and to incorporate technology into our activities
- To ensure customer satisfaction
- To increase the value created for shareholders

VISION

To be the most preferred leader and reliable investment institution in Turkey and the region.

THE HEALTHY FUTURE OF INVESTMENT

CHAIRMAN'S MESSAGE

INVOLVED IN ALL KINDS OF INVESTMENTS IN TURKEY FOR 20 YEARS AND LEADING THE DEVELOPMENT OF THE TURKISH CAPITAL MARKETS, IS INVESTMENT MAINTAINS A COMPETITIVE EDGE THANKS TO ITS SOUND CORPORATE GOVERNANCE APPROACH AND SOLID FINANCIAL STRUCTURE.

THE LACKLUSTER GLOBAL ECONOMIC OUTLOOK PERSISTED IN 2015.

Among the major developments in this ever-shifting year, the standouts included a rebalancing economy in China that consistently resulted in single digit growth rates, attempts to revive the Eurozone economy, a gloomy outlook for emerging markets, exchange rate volatility and plummeting oil prices. However, uncertainty surrounding the Federal Reserve (Fed)'s decision to raise interest rates was at the top of the agenda in the markets.

Prior to the Fed's decision to lift interest rates at the end of the year, which was delayed for quite some time, an anxious wait and volatility reigned in the markets. Having pushed up the policy interest rate by 25 basis point (bp)s to the 0.25%-0.50% range, the Fed explained that its monetary policy would serve to support the US economy. As a result, rate hikes would be gradual in the coming period, thereby moderating the otherwise dramatic impact of the rate increase on the markets. Having expanded at a faster pace than forecast in 2015 with an unemployment rate drifting down to low

levels, the American economy is expected to prompt the Fed to implement additional interest rate hikes in the period ahead. Meanwhile, it will monitor the effects of issues such as low inflation, an overvalued US dollar and other disruptions on the global economic environment.

Having witnessed a challenging year with the spillover of the Greek debt crisis from 2014, the Eurozone intensified efforts to revive its economy following the subsiding risk on this issue. The European Central Bank (ECB) followed up the adoption of an expansionary monetary policy that started in January 2015 with asset purchases in March. However, deterioration in the outlook for worldwide economic growth, negative signs from China, terrorism incidents and increased public spending due to the refugee crisis were key factors that put the ECB in a difficult position.

Concerns started to rise over a possible global recession due to China's growth coming in at an annualized rate of 6.9%, the lowest level in 25 years. Falling domestic demand was a major blow to the economy



ALTHOUGH OVERSHADOWED BY VOLATILITY IN THE GLOBAL ECONOMY, UNCERTAINTY AROUND THE FED INTEREST RATE HIKE, GEOPOLITICAL TENSIONS AND DOMESTIC POLITICAL DYNAMICS, IN PARTICULAR TWO GENERAL ELECTIONS, TURKEY MANAGED TO DELIVER A GROWTH PERFORMANCE THAT SURPASSED EXPECTATIONS, ESPECIALLY IN THIRD QUARTER 2015.

there and rising inflation brought about more pressure. A gloomy outlook brought about by economic indicators coupled with the Chinese Central Bank's decision to devalue the yuan caused China's stock exchange to nosedive throughout the year.

The slowing Chinese economy and the strong uptrend in the US dollar exacerbated the deterioration in demand, which were factors instrumental in bringing down commodity prices in 2015, in particular the price of oil. This development mostly affected commodity exporters and developing countries while serving to increase volatility, causing a downward trend in stock exchange markets and currencies over the course of the year.

The country's economy expanded 4% and 3.4% on quarterly and annual basis in the third quarter, respectively. Thus, 2015 year-end growth rate was projected above 2.9%, the growth rate posted in 2014. However, a clear shift in the composition of GDP growth stands out. In 2015, imports fell sharply and industrial production was down while the economy was driven mainly by domestic consumption and public spending.

The current account deficit contracted significantly in line with the improved energy trade balance and increased gold exports due to falling commodity prices in 2015. As a result, the current account gap narrowed to USD 32.2 billion, down 26% compared to the previous year. Meanwhile, the current account deficit to GDP ratio came in at 4.5%, close to Medium Term Program (MTP) targets. However, possible drops in tourism revenues and regional trade due to changes in the growth composition coupled with terrorism incidents and the crisis with Russia are expected to create widening pressure on the core current account gap.

Looking at year-end data, we see that inflation remains at high levels. CPI closed the year at 8.8%, above the CBRT's inflation target rate of 5% and the forecast target range of 7.4%-8.4%. As the CBRT underscores, this is primarily due to the loss in the Turkish lira's value and rising food prices.

In 2015, budget revenues and expenditures increased at similar rates while the budget deficit contracted 3.3% on annual basis to TL 22.6 billion, below end-of-year MTP forecasts. The primary surplus was up 14.5% compared to 2014, rising to TL 30.4 billion. The central administration budget actuals in 2015 indicate that Turkey has maintained fiscal discipline.

LYING BEHIND IS INVESTMENT'S SUCCESS IS OUR UNRELENTING DRIVE TO CREATE HIGH LEVELS OF SUSTAINABLE VALUE FOR OUR COUNTRY AND OUR STAKEHOLDERS, IN EVERYTHING WE DO AT ALL TIMES.

Due to worries over emerging markets, we forecast that global economic problems will persist in 2016. While a near certainty that advanced economies will continue to diverge in their monetary policies, how the Fed will ultimately shape its interest rate hikes is the question that all market actors are still awaiting an answer.

DESPITE WEAK GLOBAL GROWTH AND A BUSY POLITICAL AGENDA, THE TURKISH ECONOMY MAINTAINED A ROBUST PERFORMANCE.

Although overshadowed by volatility in the global economy, uncertainty around the Fed interest rate hike, geopolitical tensions and domestic political dynamics, in particular two general elections, Turkey managed to deliver a growth performance that surpassed expectations, especially in third quarter 2015.

Having kept a cautious stance in 2015, the CBRT has not changed rates for overnight borrowing (7.25%), overnight lending (10.75%) and one-week repo (7.5%), which it reduced at the beginning of the year to combat inflation. Instead, the CBRT preferred to act with implicit instruments against volatility in the markets and loss in the TL's value. While the marginal funding rate approximated the overnight lending rate within the same period, monetary policy interest rates were kept at 10.75%. Although the Fed hiked interest rates in December, the CBRT did not pursue simplification in monetary policies contrary to what was announced at the Monetary Policy Committee meetings held in December and January. While the general market expectation in the prevailing environment at the time was tilting toward a rate rise, the CBRT was thought to wait and keep a close watch on the global repercussions and the impact created by the Fed's actions.

In 2016, the pulse of Turkey's economy, much like the rest of the world, will be determined by the Fed's meetings and signals from emerging markets such as China. Among the issues to be closely monitored domestically, in particular, are the implementation of the promises made along the path of reform by political will and the expected changes in the CBRT's administration in April. Our expectation for 2016 is that Turkey will grow at a moderate rate, of around 3.6%. If the low levels of commodity prices persist, we think that this will continue to have a positive impact on energy costs, and thus on the current account deficit.

2015 WAS A CHALLENGING YEAR FOR TURKISH CAPITAL MARKETS.

The uncertainties that reigned in 2015 also adversely affected our capital markets. With risks on the rise, stock prices fell and major public offerings were postponed.

The BIST 100 Index, which set out the year with a solid start and tested all time highs in 2015, closed the year at the 71,727 mark, down 16.33% in TL terms, and off 33.07% on a dollar basis.

However, 2015 was a banner year for the derivative markets. The total number of transactions on the Borsa Istanbul Derivatives Market jumped 52%, marking all-time highs with 90.3 million contracts. Meanwhile, total trading volume set a new record with TL 575 billion in nominal terms. Upon reviewing the details of the trading volume, we note that options trading contracts increased 10-fold to a record 2.6 million, while future contracts jumped 48% to 87.6 million, an all-time high. The 122% rise in trading volume carried out by foreign investors in 2014 was yet another development rounding out a perfect year.



IS INVESTMENT MAINTAINS ITS LEADERSHIP POSITION IN AN INCREASINGLY COMPETITIVE MARKET THANKS TO ITS PIONEERING AND INNOVATIVE SPIRIT.

Involved in all kinds of investments in Turkey for 20 years and leading the development of the country's capital markets, IS Investment maintains a competitive edge thanks to its sound corporate governance approach and solid financial structure. The Company's highly competent and dynamic human resources, advanced technology infrastructure, customer oriented approach, innovative high-quality products and services, and prudent risk management focus are the main factors that elevate IS Investment to the leadership position in the sector. Strong synergy between IS Investment and İsbank makes us even stronger.

Also lying behind IS Investment's success is our unrelenting drive to create high levels of sustainable value for our country and our stakeholders, in everything we do at all times. Keeping its strong industry leading position, IS Investment will continue efforts to maximize its contribution to the economy in the coming period, as the Company has always done. The greatest assurance we have on our path to sustainable success is the dedicated contributions of our employees - the best in the industry - coupled with the continuous support of our partners and the close bond we have established with our customers. Taking this opportunity, I would like to extend my thanks to our employees, business partners and customers.

Respectfully yours,

İlhami Koç
Chairman of the Board of Directors

ENDURING AND FAST

GENERAL MANAGER'S MESSAGE

THE TOTAL VALUE OF THE 136 ISSUES ARRANGED BY IS INVESTMENT – DURING ITS 15TH ANNIVERSARY YEAR – REACHED A RECORD TL 19.5 BILLION IN NOMINAL TERMS.

2015 WAS A YEAR MARKED BY UNCERTAINTIES IN BOTH THE GLOBAL ARENA AND TURKEY.

Uncertainty pertaining to the Fed's expansionary monetary policies finally ending with a symbolic interest rate rise and an outline of the roadmap for future, an ongoing slowdown in emerging market economies, China in particular, plunging commodity prices and fluctuations in foreign currency exchange rates were the major developments in 2015 that characterized the global economy.

In spite of the weak trend in foreign demand conditions, geopolitical risks and rises in the foreign exchange rates, Turkey achieved moderate growth in 2015. We predict that the Turkish economy will close 2015 with a growth rate of 3.2%. In particular, sharply lower oil prices coupled with effective macroprudential measures brought about significant improvement in the foreign trade gap and current account balance. Furthermore, the current account deficit considerably decreased with the impact created by falling non-energy imports and weakening investments. Inflation, however, remained at a high level throughout the year, stoked by a devaluing Turkish lira and rising food prices.

Turkey's capital markets made a promising start in 2015 with growing investor interest in Turkish assets following a rise in global risk appetite and a fall in oil prices. After testing the 91,000 level in January, the BIST 100 index demonstrated a downtrend throughout the year. This was due to the loss in the TL's value against the US dollar following growing expectations of a Fed rate hike in 2015, geopolitical risks climbing high on the agenda and the negative effects of two general elections. After hitting 69,190.95, a low for the year, just before the Fed's meeting in December, the BIST 100 recouped part of its losses following the Fed's interest rate rise of 25 bps to close the year at 71,727. While the performance of banking industry shares – which feature high liquidity and have a significant impact on the Index – was the main reason behind BIST 100's fall, Borsa Istanbul's Equity Market was down 16% in TL terms for the year, or 33% on a US dollar basis.



TURKEY'S CAPITAL MARKETS MADE A PROMISING START IN 2015 WITH GROWING INVESTOR INTEREST IN TURKISH ASSETS FOLLOWING A RISE IN GLOBAL RISK APPETITE AND A FALL IN OIL PRICES.

OUR SOLID FINANCIAL PERFORMANCE IN 2015 PROVED THAT OUR STRATEGIES WERE RIGHT.

Minimally affected by all possible adverse developments in the markets thanks to a strong financial structure and flexible, market appropriate strategies, IS Investment achieved its targets in 2015, a year filled with political, economic and geopolitical challenges. We reported consolidated net profit of TL 40.4 million due to negative results at some of our affiliated companies; meanwhile, we posted unconsolidated net profit of TL 48.3 million with a return on equity of 11%. With assets amounting to TL 5.8 billion at end-2015, corresponding to more than one-third of the sector's total assets, IS Investment also continued to build trust among investors with its balance sheet quality. We have never sacrificed risk management while striving to improve our financial performance.

15th anniversary year - reached a record TL 19.5 billion in nominal terms. With this result, marking a 42.2%-increase over 2014, we raised our market share by 24.6%, further widening the gap between our closest competitor by more than 13 points. By year's end, the number of various issuances we have carried out since 2010 soared to 342 transactions, with a total worth TL 60.7 billion in nominal terms.

While maintaining our pioneering spirit in other domestic market operations, we continue to increase our activity in international markets every year.

Unlike others in the sector, IS Investment boasts a distinctive competitive edge thanks to its ability to generate diversified revenue streams from various operations, especially during distressing times.

A PIONEER IN TURKEY'S CAPITAL MARKETS, IS INVESTMENT CONTINUED TO SET INDUSTRY TRENDS WITH THE INNOVATIONS IT INTRODUCED IN 2015.

IS INVESTMENT CONTINUES TO BE THE MOST INNOVATIVE PLAYER IN THE INDUSTRY.

A pioneer in Turkey's capital markets, IS Investment continued to set industry trends with the innovations it introduced in 2015. The first company to implement Borsa Istanbul's Liquidity Provider service on the capital markets at year-end 2014, IS Investment's first client in this business line was Odaş Enerji, followed by Soda Sanayi, Anadolu Cam Sanayi, Trakya Cam and İndeks Bilgisayar. One of our priorities for the coming year is to boost the liquidity of low-volume publicly-traded shares on Borsa Istanbul by increasing the number of partner companies.

The financial success we achieved is the natural result of the successful operations we have carried out. Having stayed active in the equity market, which was exposed to sharp fluctuations throughout the year, IS Investment continued to lead the market in equities trading in 2015 with a transaction volume of TL 151 million and a market share of 7.36%. IS Investment also remained the most active player in the securities lending market in 2015, commanding a volume worth TL 2.3 billion.

With the growth in the market, IS Investment managed a portfolio with a value totaling TL 20.7 billion as of end-2015. Holding a market share of 23.1% in mutual funds with a volume amounting to TL 8.7 billion, the Company reached TL 8.7 billion in pension funds with an 18.2% market share, up 28% for the year.

In 2015, IS Investment stepped up its activities in corporate financing. The total value of 136 issues arranged by IS Investment - during its

It has been five years since warrants for investment institutions issued by IS Investment started trading on Borsa Istanbul. Since that time, the number of the Company's warrants traded in the market has climbed to 432 as of year-end 2015. Having introduced outperformance warrants to capital market investors in 2014, IS Investment became the first institution on Borsa Istanbul last year to issue oil warrants that offer investment opportunities in Brent crude oil. During the year, we also started issuing DAX warrants that are issued on Germany's DAX Index. The trading volume of IS Investment warrants as a proportion of total warrant trading volume soared to 35%, up from 15% a year earlier, thanks in part to our promotional activities in this area.

Mastering the functioning and dynamics of the warrants market is a vital issue for investors before they trade on warrants. That is why, in 2015, we launched Warrant Academy, where investors can access any kind of information on warrants, follow the market and make detailed analyses before they make any investments. We aim to increase investor know-how with online trainings via Warrant Academy.

Following Share Future Contracts on the Borsa Istanbul Derivatives Market setting new records in 2015 in terms of volume and open positions, we continued our support as market-maker to increase the market liquidity on BIST 30 Options Contracts as well. In 2015, we expanded our operational scope with two corporate bond arrangement transactions for two companies in Electricity Future Contracts, which were included in the market-making program during the year. As a result of our concerted efforts, IS Investment ranked second in the Derivatives Market with an 8.8% market share worth about TL 100.3 billion.

Our efforts to diversify IS Investment's revenues in a sustainable way are ongoing, while we also work to increase our activity in leveraged trading. In 2015, we added contracts for difference on our TradeMaster FX Meta platform in order to augment our revenues thanks to leverage rate and competitive pricing. Additionally, we introduced users to TradeMaster FX Plus, which offers forex screen customization. In an effort to promote and expand the TradeMaster platform, and raise awareness about investing in general, we included new universities in our TradeMaster Campus project in 2015. We increased our trading volume in the area by 37% on an annual basis, including trading in liquidity provider service; as a result, we captured a 5.5% share in the total market and a 27% share among bank institutions.

At IS Investment, we continue to expand our foreign investor portfolio by raising our brand awareness via efforts both abroad and in Turkey. We also expanded our foreign customer base to number more than 70 clients in 2015. Customer visits and events we organized in primary locations such as New York, Vienna, London and Budapest throughout the year played a major role in the successful results we achieved.

WITH OUR VARIOUS BUSINESS ACTIVITIES AND INVESTOR RELATIONS PRACTICES, OUR PRIMARY AIM IS TO INCREASE SHAREHOLDER VALUE.

Having yielded returns 42% higher than the BIST 100 index for our investors, ISMEN stock delivered a successful performance in a challenging 2015. In line with our publicly disclosed dividend policy, our dividend yield of 10.6%, well above the stock exchange average, was yet another indicator of the significant value we created for our shareholders. At IS Investment, we are aware that the most important way to increase the value we create

for our shareholders is to establish a transparent relationship. To this end, during many investor meetings we have attended, domestically and internationally, we informed investors about our business activities and financial performance. In addition, we made a special effort to ensure that our performance was interpreted in the right way.

Thanks to the transparent communications we have with our investors – and as the first and only brokerage firm in Turkey to boast a corporate governance rating – IS Investment's corporate governance rating was upgraded from 8.91 to 9.05 during the year.

DIFFICULT TIMES LIE AHEAD.

We are going through a period in which the global economy, with its weakened growth dynamics, is experiencing a painful transition, with the fragility of emerging markets more apparent than ever. During these times when the Fed's moves and a low commodity price environment expose economies to different risks, we believe that returning to a reform-oriented economic agenda will facilitate Turkey's robust outlook.

With regard to our own business, we will be a follower and supporter of the solid steps to be taken in 2016 to produce structural solutions to the ongoing issues facing Turkey's capital markets. These include non-growing long-term savings, failure to expand the investor base, limited corporate investors, and failure to provide solutions to taxation problems of capital market institutions and instruments.



Having yielded returns 42% higher than the BIST 100 index for our investors, ISMEN stock delivered a successful performance in a challenging 2015.

At IS Investment, we believe that we will reach our targets in 2016 by continuing our business activities, fully aware of the responsibilities we have undertaken with the strong "IS" brand.

In closing, I would like to extend my thanks to our shareholders who are always there beside us, our employees who are the best in the industry, and our esteemed customers who have put their trust in us.

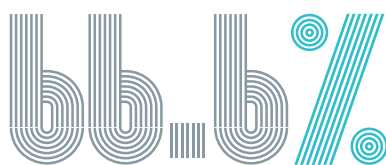
Respectfully yours,

Ali Erdal Aral
General Manager

STRONG PERFORMANCE

INVESTOR RELATIONS

IN 2015, ISMEN OUTPERFORMED THE BIST 100 INDEX BY 42% AND GENERATED A RETURN OF 18.6% IN NOMINAL TERMS.



FOREIGN SHAREHOLDERS
With 66.6% foreign shareholders, ISMEN's ratio is 4 points higher than the market average.

Due to fluctuations in monetary and capital market indicators in 2015, a year that saw a dense agenda both globally and domestically, IS Investment carried out investor relations activities more actively than ever before.

Asset management companies and financial analysts demonstrated great interest in the ISMEN investor conference held in February. Twenty-two institutions took part in the conference in which information was exchanged on macroeconomic developments, the trajectory of markets, ISMEN's activities and financial performance, and international capital markets.

This was the first time that an institution in Turkey organized an investor relations conference to improve the perception of ISMEN. As a result, the conference contributed to IS Investment's pioneering reputation in capital markets. More than 60 investor relations and finance specialists participated in the Investor Relations Seminar held on 24 February. Anne Guimard, founder of FINEO Investment Relations Advisors, participated in the event as a panelist. Interest in the seminar was high and it received considerable media coverage.

During the year, IS Investment organized a meeting with a number of institutional and qualified individual investors. The Company participated in the "2015 Hidden Riches" investor conference held in London on 2-3 April. In meetings with foreign institutional investors over the course of the conference, IS Investment presented assessments on the performance of ISMEN stock as well as the view of foreign investors on Turkey's capital market environment.



INVESTOR RELATIONS

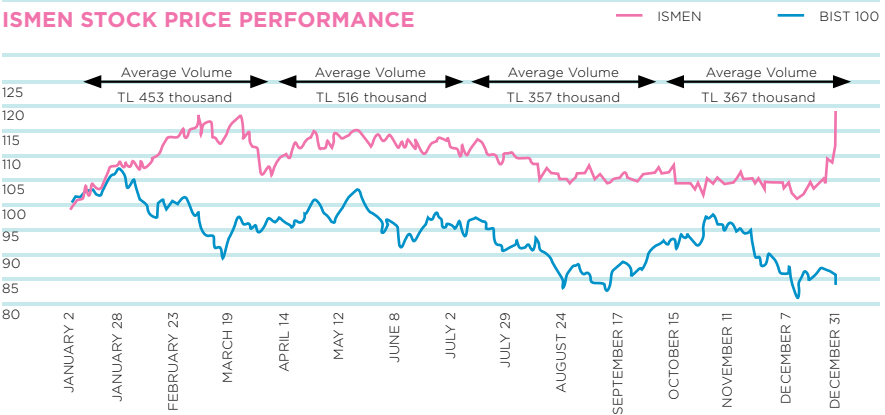
WITH A DIVIDEND YIELD OF 10.6% IN 2015, ISMEN GENERATED A MUCH HIGHER YIELD THAN THE AVERAGE BORSA ISTANBUL RATE OF 2.5%.

The London-based, independent research firm Edison Investment Research published ISMEN reports on results for year-end 2014, and three-, six- and nine-month periods 2015, while Oyak Yatırım published an ISMEN report based on 2015/6 figures.

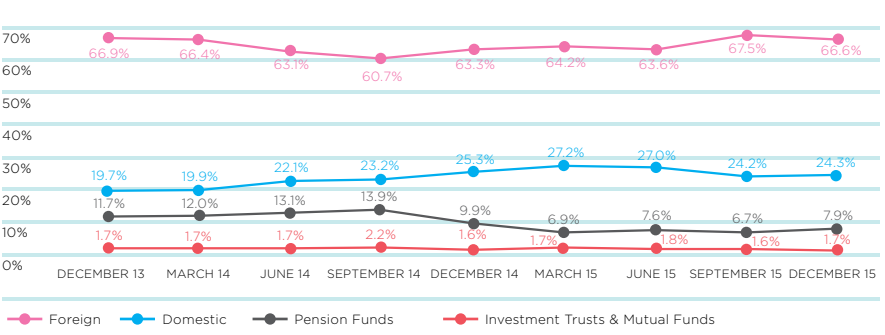
The capital markets outlook held by foreign and domestic investors was

dominated by uncertainty in 2015 due to the economic and monetary policy turbulence experienced during the year. Thanks to the investor meetings, the Company held and its effective perception management efforts, ISMEN outperformed the BIST 100 index by 42% in 2015 and generated a return of 18.6% in nominal terms.

ISMEN STOCK PRICE PERFORMANCE

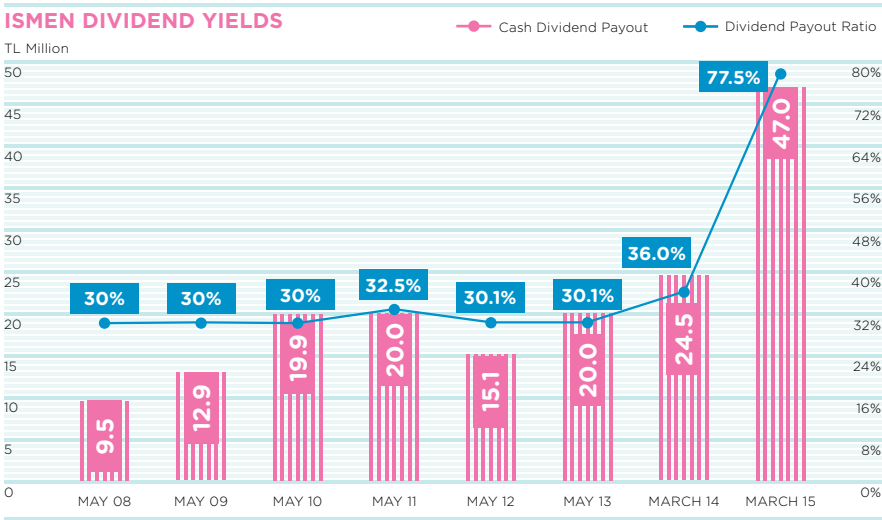


ISMEN OWNERSHIP (SOURCE: MKK & DATA DISTRIBUTION CHANNELS)



In light of IS Investment's dividend policy, distribution of cash dividends continued apace. Pursuant to the statement of profit appropriation approved at the Ordinary General Assembly, 77.5% of the total distributable profit, amounting to TL 47.0 million in gross cash dividends,

was distributed to shareholders in March. As a result, IS Investment has distributed a total of TL 169 million in cash dividends over the last eight years. In addition, the Company has distributed 169% of the profit generated by the public offering in May 2007 in cash to shareholders.



With a dividend yield of 10.6% in 2015, ISMEN generated a much higher yield than the average Borsa Istanbul rate of 2.5%. Additionally, the Company once again distributed stock dividends, as was the case last year. Some TL 23 million obtained from 2014 profits

were distributed to shareholders as stock dividend on 8 June via a capital increase through bonus issues. In gross terms, IS Investment distributed 115% of the total profits of 2014 to its shareholders.

IS INVESTMENT IS THE FIRST AND ONLY INTERMEDIARY FIRM TO BE ISSUED A CORPORATE GOVERNANCE RATING. THE COMPANY'S RATING WAS REVISED ON SEPTEMBER 4, 2015 AND UPGRADED TO 9.05, COMPARED TO 8.91 A YEAR EARLIER.

IS INVESTMENT DIVIDEND & CAPITAL INFORMATION						
Date	Transaction Type	Cash Dividend Paid (TL million)	Dividend Per Share (TL 0.01)	Capital Increase Through Bonus Issue (%)	Capital Before Increase (TL Million)	Capital After Increase (TL Million)
May 08	D	9.5	8.0			
May 09	D	12.9	10.8			
May 10	D	19.9	16.7			
June 10	B			67.5	119	200
May 11	D	20.0	10.0			
July 11	B			30.0	200	260
May 12	D	15.1	5.8			
June 12	B			10.0	260	286
May 13	D	20.0	7.0			
June 13	B*			8.6	286	311
March 14	D	24.5	7.89			
June 14	B*			6.9	311	332
March 15	D	47.0	14.16			
June 15	B*			6.9	332	355

D: Cash Dividends, B: Capital Increase by Bonus Issue.

* Stock dividends by capital increase through bonus issues.

IS Investment is the first and only intermediary firm to be issued a corporate governance rating. The Company's rating was revised on 4 September 2015 and upgraded to 9.05, compared to 8.91 a year earlier. This increase was thanks to its improved efforts in investor relations, stakeholders and Board Of Director's activities. The Company's comparative overall corporate governance rating classified by the main sections is provided below:

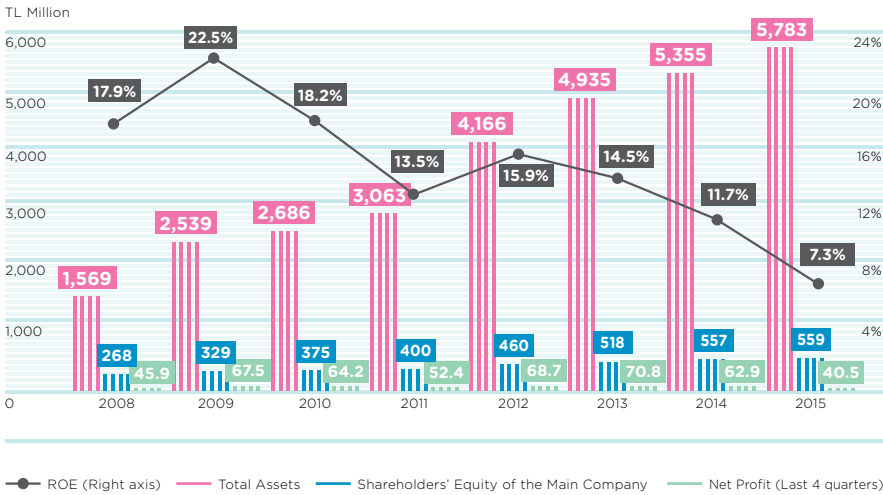
CORPORATE GOVERNANCE RATINGS

Category	Previous Period 03.03.2014	Previous Period 05.09.2014	Update 04.09.2015
Shareholders	8.54	8.83	9.01
Public Disclosure and Transparency	9.04	9.04	9.04
Stakeholders	8.51	8.51	8.90
Board of Directors	8.96	9.05	9.15
Total	8.81	8.91	9.05

IS Investment's long-term national credit rating was once again affirmed as AA+(tur) by Fitch Ratings in June 2015.

During 2015, the Company duly fulfilled its public disclosure requirements and made effective use of online channels for this purpose. In this period, a total of 1,150 material event disclosures were sent to the Public Disclosure Platform (KAP) due to IS Investment's being a public and an intermediary institution.

ISMEN CONSOLIDATED RETURN ON EQUITY



CONSOLIDATED IS INVESTMENT SUBSIDIARIES

Name	Equity Stake	Equity Stake (%)	Nominal Value
Maxis Investments Ltd.	GBP 5,500,000	100.0	GBP 5,500,000
IS Investments Gulf Ltd.*	USD 1,000,000	100.0	USD 1,000,000
Efes Varlık Yönetim A.Ş.	TL 20,000,000	74.00	TL 14,800,000
İş Portföy Yönetimi A.Ş.	TL 65,000,000	70.00	TL 45,500,000
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	TL 74,652,480	29.0	TL 21,654,292
İş Yatırım Ortaklığı A.Ş.	TL 160,599,284	28.9	TL 46,454,101

* Corporate operations were terminated ipso facto as of 30 October 2015. The legal liquidation process is still under way.

ECONOMIC REVIEW

A DECREASE IN ENERGY COSTS DUE TO FALLING COMMODITY PRICES RESULTED IN A POSITIVE TREND IN THE CURRENT ACCOUNT DEFICIT THIS YEAR.

Turkey started 2015 in a favorable economic environment marked by moderate expansion worldwide, falling commodity prices and low inflation rate expectations in emerging markets. However, an increase in bond yields in advanced countries and a stronger US dollar put an end to the global conditions that once seemed to favor the developing world.

DESPITE TURBULENCE IN THE MARKETS AND THANKS TO ROBUST LEVELS OF PRIVATE CONSUMPTION, TURKEY'S ECONOMY IN THE FIRST THREE QUARTERS OF THE YEAR EXPANDED AT A PACE THAT EXCEEDED ALL EXPECTATIONS.

Depreciation of the Turkish lira against the US dollar resulted in a rise in the inflation rate despite a drop in commodity prices. In addition to the headwinds from abroad, uncertainty raged domestically after coalition talks failed in the aftermath of the June poll and early elections were called. This backdrop resulted in a more negative outlook for Turkey compared to other countries.

Indications of a downshift in the Chinese and American economies and rising global risk coupled with increased geopolitical risks in the region, domestic turmoil and concerns over two general elections, resulted in significant market fluctuations in the second half of the year. In spite of a positive uptrend after the 1 November vote, the results of which served to ease political uncertainties, two subsequent developments reignited volatility in Turkey: Namely, uncertainty surrounding the new cabinet, and in particular who would manage the economy; and the increased likelihood that the Federal Reserve would hike interest rates in December. In fact, the Fed raised its benchmark rate by 0.25 percentage points, to the 0.25-0.50% range. Influenced by these various factors, Turkey's foreign investor portfolio closed the year up USD 9.4 billion. Such an increase in the foreign investor portfolio was also witnessed in 2013, when the economy was enduring a similar Fed-induced fluctuation, though the rise in this recent period of economic turbulence was significantly higher.

In February, the Turkish Central Bank started to implement a liquidity management policy to buffer the markets against foreign and domestic shocks. Subsequently in August, the CBRT announced a simplified and tightening roadmap. In parallel, the Central Bank raised the possibility of borrowing through repurchase agreements for market maker banks as it pursued policy normalization. At the same time, it simplified warranty

conditions and increased the limits in currency and effective markets. However, the Central Bank has not yet taken any steps to gradually bring the weekly repurchase/repo interest rate closer to money market rates. We expect that under the simplification roadmap the Central Bank will raise the weekly repurchase/repo interest rate to up to 9% in 2016. Moreover, we anticipate the Central Bank to modify the lower and upper limits of the interest rate corridor, which in turn could ensure a more symmetrical and balanced weekly repurchase/repo interest rate.

Despite turbulence in the markets and thanks to robust levels of private consumption, Turkey's economy in the first three quarters of the year expanded at a pace that exceeded all expectations. Following the gradual return to relative political stability after the November elections, we believe that Turkey will have also grown moderately in the fourth quarter. Therefore, we expect Turkey's total economic growth rate for 2015 to be 3.2%. We also project that the full elimination of political uncertainties in 2016 will bolster economic expansion through increases in consumption; however, we foresee a limited recovery in investments. As a result, we forecast GDP growth of 3.5% for 2016, slightly above 2015 figures but still below the yearly target of 4%.

On the other hand, due to a rise in food prices since the start of the year coupled with the impact of the Turkish lira's currency depreciation on the price

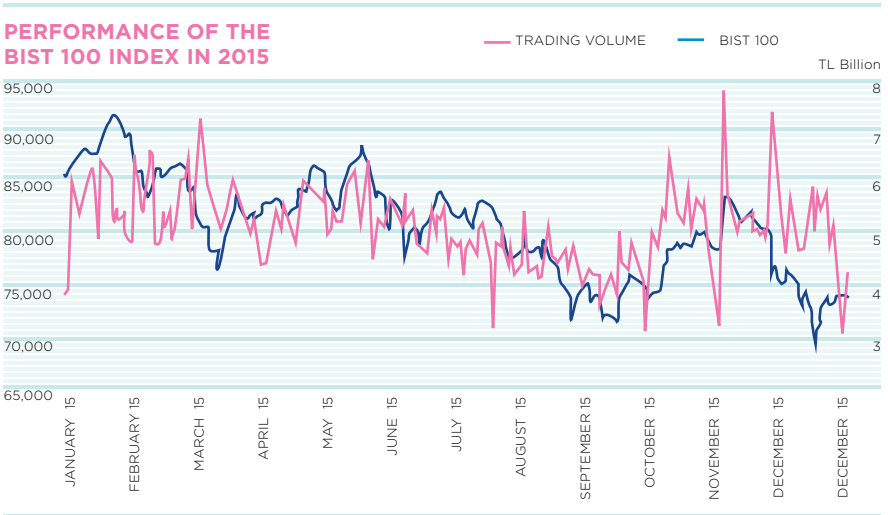
hike owing to the pass-through effect, the inflation rate has continued in the passing lane. For the year, it came in at 8.81%, once again above the target rate. Although the increase in the minimum wage led to an upsurge in consumer prices in 2016 through cost and demand channels, we still expect a slight dip in the inflation rate to 8.7% in 2016 compared to the previous year, given the diminished currency pass-through effect.

With a fall in energy consumption prices, Turkey's current account gap narrowed from the beginning of the year, to USD 32.2 billion at end-2015, compared to USD 43.6 billion at end-2014. Although oil prices will likely remain low in the coming year, we forecast a slight widening in the current account gap in 2016, coming in at 5% of national income. The rise will stem from increased imports due to rising consumption, decreased exports owing to weak foreign demand and a contraction in GDP in US dollar terms.



DOMESTIC CAPITAL MARKETS

BEFORE THE FED'S CRITICAL MEETING, THE BIST 100 INDEX DIPPED TO 69,300, ITS ALL-TIME LOW SINCE THE START OF 2014.



EQUITY MARKET

The Borsa Istanbul equity market started 2015 at 85,000 in a high global risk appetite environment. Plunging oil prices in particular further boosted interest in Turkish assets. The index tested the 91,000 level within this outlook that lasted until end-January. The subsequent rally in the US dollar globally worsened the risk perception toward emerging markets. The USD/EUR cross rate stood at 1.05 while the TL/USD reached 2.65 by the end of February. Expectations of increased inflationary pressures due to the devaluation in the Turkish lira, coupled with the election uncertainty, caused the BIST 100 index to negatively diverge from other emerging market equity markets. Following the

postponement of the Fed's anticipated interest rate hike due to weak US macroeconomic data, BIST 100 recouped some of its losses by end-March and rallied from the 76,600 level to top 80,000.

After hitting a high of 86,750 in April due to improvements in the risk appetite environment, the BIST 100 index dipped below the 84,000 mark by month's end. TL-denominated assets began to diverge negatively owing to the approaching general elections in June, polls pointing to the possibility of a coalition government, and the risk of post-election political uncertainty. As a result of these factors, the index closed May below the 83,000 level.



PROJECTIONS FOR A CONTRACTION IN THE CURRENT ACCOUNT DEFICIT, OWING TO PLUNGING OIL PRICES, HAD A POSITIVE EFFECT ON BORSA ISTANBUL.

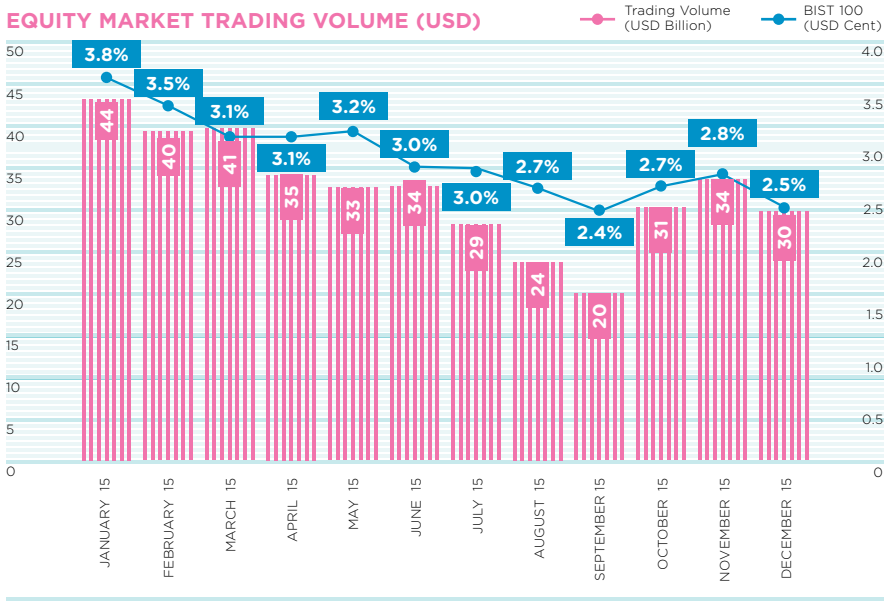
The index went on to reach its lowest point of the first half of the year at 75,268 due to the post-election outlook and the hardline announcements from the party leaders. On the same day, both the TL/USD rate and the currency basket reached all-time highs of 2.8097 and 2.9637, respectively. The market moved in lock step with political news in June, as volatility spiked and correlation of the BIST 100 index with global markets weakened. The index closed June, where prices were set based purely on the flow of news, at 82,250.

THE FAILURE TO FORM A GOVERNMENT FOLLOWING TURKEY'S GENERAL ELECTION LED TO A HEAVY SELL-OFF OF TL-DENOMINATED ASSETS.

The BIST 100 index began the second half-year at the 82,500 level in an environment marked by political uncertainty, terrorist attacks and domestic security concerns. The index retreated to 77,230 in the wake of the crash in China's equity markets and amid heightened geopolitical risks tied to the ongoing civil conflicts in neighboring Syria and Iraq. The thawing of relations between Iran

and the western bloc, coupled with projections for a contraction in the current account deficit owing to plunging oil prices, had a positive effect on Borsa Istanbul. However, stronger US macroeconomic data and the resulting increased probability of a Fed rate hike in 2015 dampened the risk appetite for the developing countries. The failure to form a government following Turkey's general election led to a heavy sell-off of TL-denominated assets. The BIST 100 index dropped to 69,707 and tested its 52-week low in August with the USD/TL rate climbing to 2.91 at month's end. The index closed August above the 75,000 mark after a buying wave spurred by the discount the index was trading at compared to other emerging markets and the attractive price-to-earnings ratios, especially in banking shares. The deterioration in the risk perception toward developing countries, uncertainty surrounding the second general elections to be held in November, and concerns about an election vicious circle caused widespread selling in the market. After testing the 71,000s during the month, the BIST 100 index ended September at the 74,200 level. As a noteworthy development, foreign ownership in Borsa Istanbul dipped to 64.23% in mid-September.

EQUITY MARKET TRADING VOLUME (USD)



October started with buying pressure in the hopes that political uncertainty would decrease after the general elections. After rallying from the 74,600 level at the start of the month to 81,000 during the month, the BIST 100 index closed October at 79,400 due to profit taking ahead of the vote. At first brush, the outlook in the aftermath of the 1 November elections eliminated all political uncertainty as the market adjusted stock prices sharply higher. Rising to 84,350 on the first trading day after the vote, the BIST 100 index met with profit taking at this level. Emerging markets, including Turkey, commenced a sell-off after strong US economic data and announcements signaling the start of the Fed tightening cycle at the end of the year. As a result, the BIST 100 index retreated to the 80,000s. The Paris terrorist attacks in mid-November prompted worldwide selling while the more pronounced negative impact for Borsa Istanbul was worsening Turkey-Russia relations. On account of this adverse development, the index ended November at 75,200. Foreign ownership in Turkish equities declined throughout the month, from 65.33% at the beginning of November to 63.51% by month's end. As the markets priced

in a potential December Fed rate hike in earnest, in addition to geopolitical risks, the US dollar registered major gains against emerging market currencies. The BIST 100 index tested the 69,190 level due to lower global risk appetite ahead of the Fed's critical interest rate decision on 16 December. The market adopted an optimistic view of the Fed's rate rise and its announcement regarding the future course of action. The improving risk appetite pushed the BIST 100 index up to the 74,950 level in late December before the index closed 2015 at 71,727. The decline in foreign ownership from 63.37% at the beginning of December to 62.47% at year-end did not go unnoticed.

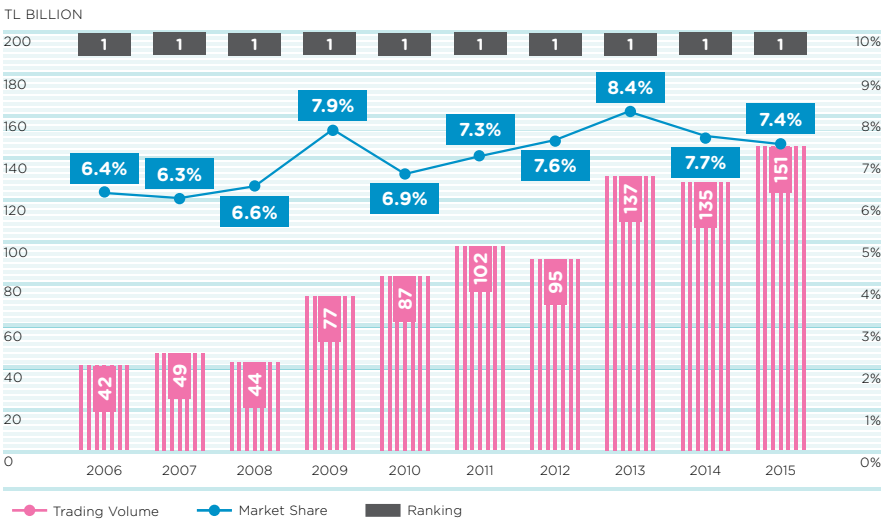


IS INVESTMENT WAS THE FIRST COMPANY TO OFFER THE LIQUIDITY PROVIDER SERVICE, AS STIPULATED IN CIRCULAR NO. 466 OF BORSA ISTANBUL, IN THE CAPITAL MARKETS.

EQUITY MARKET: RANKING BY TRADING VOLUME							
Brokerage Houses			Trading Volume (TL Million)			Market Share (%)	
2014	2015		2014	2015	2014	2015	
1	1	IS INVESTMENT	134,725	150,973	12.1	7.7	7.4
2	2	Brokerage House 1	129,730	147,101	13.4	7.4	7.2
3	3	Brokerage House 2	127,787	142,554	11.6	7.3	6.9
6	4	Brokerage House 3	72,095	140,279	94.6	4.1	6.8
7	5	Brokerage House 4	71,786	113,358	57.9	4.1	5.5
Total Top 5			545,673	694,265	27.2	31.3	33.8
Grand Total			1,745,821	2,052,113	17.5		

During a year marked by an extremely volatile economic and political environment both in Turkey and worldwide, IS Investment maintained its leadership position in the equity market in 2015 with trading volume of TL 151 billion and a 7.36% market share. IS Investment aims to sustain its strong trading volume and stay on top in 2016.

IS INVESTMENT EQUITY MARKET TRADING VOLUME AND MARKET SHARE



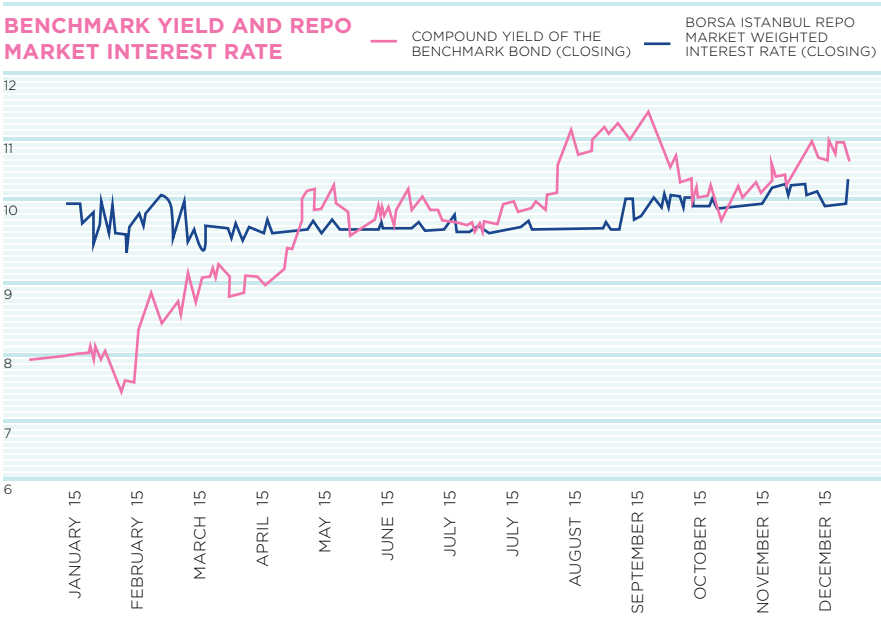
MONTHLY DEVELOPMENT OF IS INVESTMENT'S MARGIN TRADING - 2015 TL MILLION



IS Investment was the first company to offer the Liquidity Provider service, as stipulated in Circular No. 466 of Borsa Istanbul, in the capital markets. The Company first started delivering the Liquidity Provider service to Odaş Enerji, followed by Soda Sanayi, Anadolu Cam Sanayi, Trakya Cam ve İndeks Bilgisayar. IS Investment plans to increase the number of customers it provides this service to in the coming period. In addition, the Company launched its Market Maker operations with Desa Deri and stepped up its efforts to become the dominant player in this segment.

Although the annual trading volume on the Securities Lending Market (SLM) declined 12% to TL 11.1 billion, IS Investment continued to be the top player in the SLM with a trading volume of TL 2.3 billion and a 20.8% market share. The volatility in the equity market also boosted interest in margin trading, as the amount lent by IS Investment to finance margin trading rose to TL 433 million as of end-December.

THE FED RATE HIKE STOKED CONCERNS IN DEVELOPING COUNTRY MARKETS BECAUSE OF THE HIGH LEVEL OF FOREIGN CURRENCY-DENOMINATED INDEBTEDNESS IN THOSE COUNTRIES.

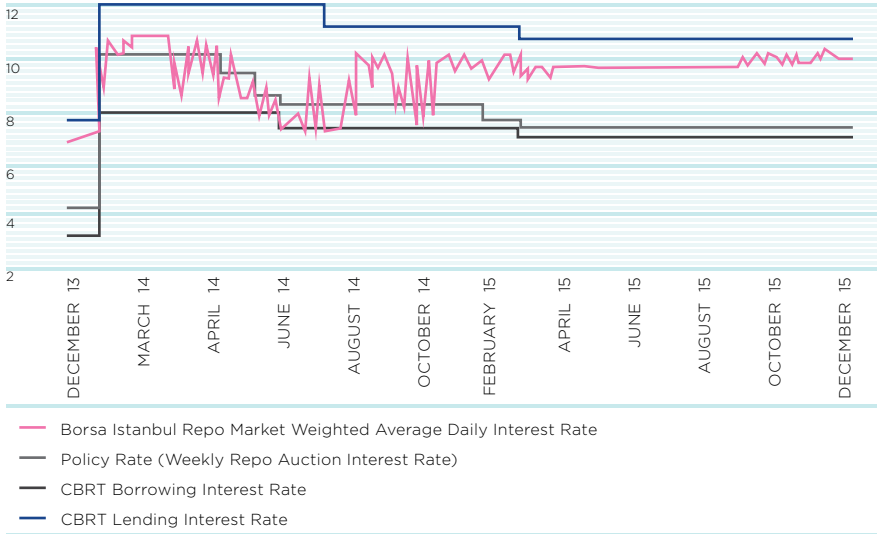


DEBT SECURITIES MARKET

In 2015, the markets' agenda was determined for the most part by political developments and the expectation that the Fed would begin a new tightening cycle. Political uncertainty weighed on the markets in the run up to the general elections held in June while the impossibility of a single-party government and unsuccessful coalition negotiations in the election's aftermath also increased the uncertainty. The single most important agenda item globally was the anticipation of the launch of a new monetary tightening cycle by the Federal Reserve. The Fed rate hike stoked concerns in developing country markets because of the high level of foreign currency-denominated

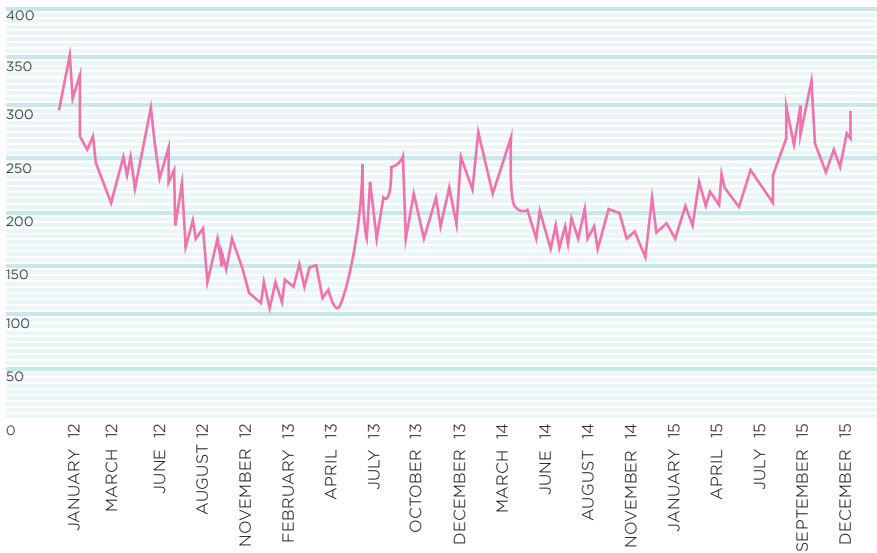
indebtedness in those countries. As a result of the negative impact of the Fed rate rise on emerging markets and the prospect of a coalition government in the wake of the June vote in Turkey, the benchmark yield reached 10.44% in early June. During the same period, the USD/TL rate climbed to an all-time high of 2.76. As coalition talks commenced after the election and positive signals regarding an agreement began to hit the news wires, the USD/TL rate declined to 2.63 in July while the benchmark yield and the 10-year note yield retreated to 9.57% and 9.30%, respectively. Another factor that propped up the Turkish markets was the plunge in commodity prices led by oil. Brent crude oil ended July below USD 50 per barrel.

INTEREST RATES IN TURKEY



The Turkish markets were adversely affected by several factors: the failure to form a government after coalition talks fell through in the post-July period, the decision to hold a new general election later in the year, and heavy selling in global equity indices and emerging markets stocks. This political uncertainty, coupled with a negative outlook for developing countries in global markets, pushed the USD/TL rate over the 3.00 threshold to 3.06 in September, while the 10-year note yield and the benchmark yield climbed to 11.10% and 11.70%, respectively. These levels were reached due in most part to the political uncertainties in Turkey and selling pressure in emerging markets assets globally. The Central Bank of Turkey announced its intent to act in lock step with the Fed during the Federal Reserve's normalization of its monetary policy; the CBRT's policy announcement was welcomed by the markets.

5-YEAR TURKISH CDS PREMIUMS



IS INVESTMENT RANKED THIRD AMONG THE COUNTRY'S BROKERAGE HOUSES WITH TRADING VOLUME OF TL 8.1 BILLION AND 7.3% MARKET SHARE IN THE DEBT SECURITIES MARKET - OUTRIGHT PURCHASES AND SALES.

The USD/TL rate retreated to the 2.93 level ahead of the second general election while the 10-year note and 2-year bill yields dropped to 9.77% and 10.18%, respectively. The markets rallied sharply after the November 1 elections unexpectedly resulted in a return to single-party government. The USD TL rate dipped below the 2.80 mark immediately after the elections, but did not stay at that level for long, and rose back above 2.90. Subsequently, it dropped back to the 2.83 level. The 10-year note and 2-year bill yields settled at 9.85% and 10.20%, respectively, after briefly climbing to the 10% and 10.30% marks, respectively. However, selling pressure returned to the Turkish markets after the 24 November crisis with Russia. The USD/TL rate quickly pierced the 2.90 level and approached the 3.00 mark while the debt market also suffered heavy selling. The 10-year note yield quickly topped the 10%

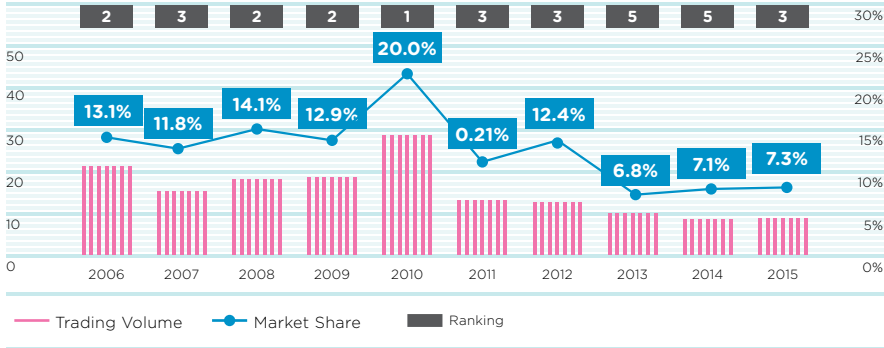
threshold and reached the 10.80% level due in part to the acceleration of selling in emerging markets. These developments were set in motion due in great part to the forthcoming Fed meeting in December. The benchmark yield broke through the 11% mark. The markets took a breather after the announcement of the long-awaited Fed rate hike at the December meeting, as the USD/TL rate fell back to the 2.90s.

IS Investment ranked third among the country's brokerage houses with trading volume of TL 8.1 billion and a 7.3% market share in the Debt Securities Market - Outright Purchases and Sales. IS Investment also tapped the markets for TL 3.7 billion through direct placements and sales to qualified investors. Of this amount, TL 269 million was in the form of structured debt instruments with various maturities, with the remaining TL 3.4 billion in commercial paper issuance.

TRADING VOLUME OF IS INVESTMENT - DEBT SECURITIES MARKET- OUTRIGHT PURCHASES AND SALES

		Brokerage Houses	Trading Volume (TL Million)		Change	Market Share (%)	
2014	2015		2014	2015	(%)	2014	2015
2	1	Brokerage House 1	27,893	34,485	23.6	24.7	30.7
1	2	Brokerage House 1	31,003	29,795	(3.9)	27.5	26.5
5	3	IS Investment	8,024	8,148	1.5	7.1	7.3
4	4	Brokerage House 3	8,272	7,050	(14.8)	7.3	6.3
6	5	Brokerage House 4	4,634	4,912	6.0	4.1	4.4
Total Top 5			85,294	84,389	(1.1)	75.5	75.1
Grand Total			112,898	112,361	(0.5)		

TRADING VOLUME OF IS INVESTMENT - DEBT SECURITIES MARKET- OUTRIGHT PURCHASES AND SALES



THE BORSA ISTANBUL DERIVATIVES MARKET (VIOP)

The Borsa Istanbul Derivatives Market (VIOP) made a giant leap forward in 2015 in terms of record-high trading volume and open interest. The BIST 30 index futures contracts continued to lead the way in trading volume, while foreign exchange futures contracts soared to grab 18% of total VIOP trading volume. Open interest in the index contracts jumped from the 200,000 mark to the 275,000 level on average during the second half of the year after remaining mostly flat in the first half.

IS Investment ranked second in overall futures contracts trading on the VIOP with trading volume of TL 100.3 billion and an 8.8% market share. IS Investment continued to be a market maker in single-stock futures contracts and contributed to increased liquidity and market depth. The market maker system was launched in forward electricity contracts and two companies began to serve as market makers through IS Investment.

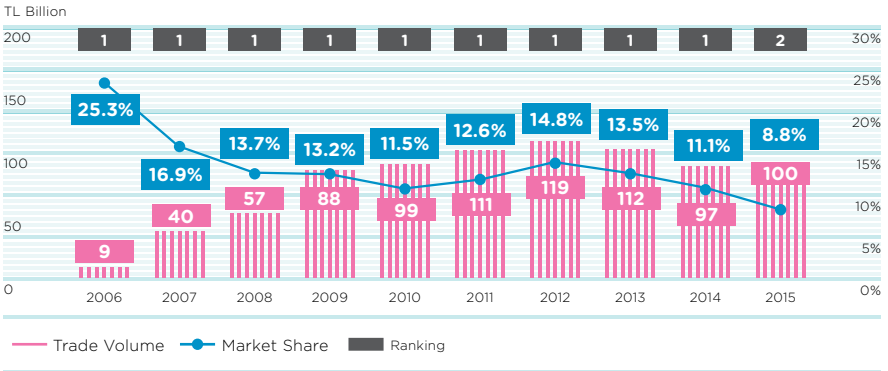
TRADING VOLUME OF BROKERAGE HOUSES - DERIVATIVES MARKET

Brokerage Houses		Trading Volume (TL Million)			Market Share (%)		
2014	2015	2014	2015	Change (%)	2014	2015	
2	1	Brokerage House 1	94,679	165,724	75.0	10.9	14.6
1	2	IS Investment	96,824	100,261	3.5	11.1	8.8
3	3	Brokerage House 2	57,433	97,820	70.3	6.6	8.6
5	4	Brokerage House 3	38,272	75,629	97.6	4.4	6.7
4	5	Brokerage House 4	43,423	59,768	37.6	5.0	5.3
Total Top 5			330,631	499,201	51.0	38.0	44.0
Grand Total			869,264	1,135,217	30.6		

DOMESTIC CAPITAL MARKETS

THE SHARE OF IS INVESTMENT-ISSUED WARRANTS IN TOTAL WARRANT TRADING VOLUME JUMPED FROM 15% TO 35% THANKS TO EFFECTIVE ADVERTISING CAMPAIGNS.

TRADING VOLUME OF IS INVESTMENT - DERIVATIVES MARKET



The volatility of the index throughout the year was also reflected in the futures markets; volatility was relatively high – between 25% and 30% – particularly after the elections, while it fluctuated in the 20% to 25% range during the rest of the year.

The trading volume of options contracts grew by the day during 2015, amounting to TL 13.9 billion for the year. IS Investment, the first and only market maker in BIST 30 index options contracts, helped create a more liquid and deeper market in these contracts. The options market generated total trading notional volume of TL 1.5 billion for TL 23.9 million of premium volume in the first quarter; these figures reached TL 3.5 billion and TL 56.3 million, respectively, by the end of the first half year. Trading notional volume and premium volume climbed to TL 6.7 billion and TL 140 million, respectively, at the end of the third quarter. The market for options contracts generated trading notional volume of TL 13.9 billion and premium volume of TL 324.5 million for the full year. If this momentum continues, the options market will reach significant volumes soon.

IS Investment ranked second in options trading with trading notional volume of TL 2.7 billion and 19.6% market share.

Warrant issuances continued at an accelerating pace in 2015. While IS Investment remained the sole entity to issue USD/TL, Euro/USD and gold warrants, the Company broke new ground during the year when it began issuing Brent crude oil warrants that allow investors to trade Brent crude oil. In addition, warrants for the DAX index, a benchmark for German equities followed closely by many investors, were unveiled for investors and capital markets for the first time in the last month of the year. The share of IS Investment-issued warrants in total warrant trading volume jumped from 15% to 35% thanks to effective advertising campaigns. IS Investment issued 1,305 warrants throughout 2015; there were 432 IS Investment-issued warrants in circulation as of end-December. A Warrant Academy was founded in 2015 in order to inform and educate investors about warrants. The online presentations offered through this platform twice each month provide both basic and advanced training for investors.



STOCK MARKET

INTERNATIONAL CAPITAL MARKETS

IN 2015, OIL EXPORTING ECONOMIES,
FROM RUSSIA TO NORWAY, PLUNGED
INTO A CRISIS OF THEIR OWN.



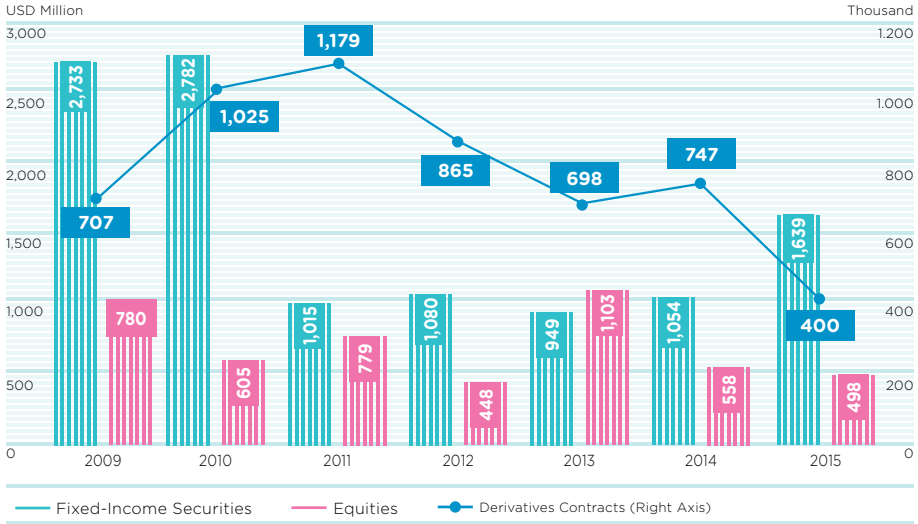
In 2015, total equity trading on the TradeMaster International (TMI) platform grew 21% year-on-year to USD 115.8 million.

Developments in 2015 set the course of events for the coming year. On one hand, the Fed took the first step in its normalization program for the US economy in the last days of the year. On the other, following the ending of the BRIC expansion story led by a slowing Chinese economy, central banks in advanced countries were forced to assume responsibility once again in the face of escalating growth and inflation concerns.

The Fed announced that its assessment of the US economy was strong after its first meeting in 2015, but softened this discourse after its March meeting. As expectations for a Fed rate rise diminished, all eyes turned to the possibility of a default by Greece.

Meetings between Greece and the Troika (EC, ECB, IMF) continued until the June 30 deadline and Greece was forced to accept the rescue package on the table through a voter referendum. Subsequently, the European Central Bank turned its attention back to efforts to stimulate the European economy, which it had launched in first quarter 2015 with its asset purchase program. However, recovery in Europe's economy was hindered by external markets this time around. The wave of optimism reversed course in China due to the decision not to add local stocks to the MSCI index in the early days of the second half year, as the 7% growth target started to come under scrutiny. As a result, a new wave of selling ensued from commodities to equities. Weakening domestic demand in China, one of the largest economies in the world, put pressure on both trade and inflation. The European Central Bank at its December meeting had to signal that it might revise the EUR 60 billion per month in asset purchases that it

TRADING VOLUME OF IS INVESTMENT - INTERNATIONAL CAPITAL MARKETS



had planned until September 2016. Similarly, expectations began to grow for additional interventions by the Bank of Japan, which started to deviate from its 2% inflation target. However, it became apparent that the Bank of Japan was more limited in its options compared to the European Central Bank due to the upcoming elections in July as well as the provisions in the TPP trade agreement against currency manipulations.

With the country's slow growth, rather than its rapid expansion, becoming the prime topic of conversation, China revised its monetary and fiscal policies during the year. This was an attempt to mitigate the impacts of the disappointment from the decision not to add local Chinese stocks to the MSCI index and to support its 7% growth target.

CHINA REVISED ITS MONETARY AND FISCAL POLICIES DURING THE YEAR.

China, which took steps to reduce its influence in its markets in order to become the fifth member of the IMF's SDR basket, stunned global markets by devaluing its currency in August. Meanwhile, energy prices remained under pressure due to the price war waging between OPEC and the United States on the supply side as well as the concerns about growth in China. As a result, oil exporting economies, from Russia to Norway, plunged into a crisis of their own.

MARKETS WERE VOLATILE TOWARD THE END OF THE 2015 AS AMERICAN EMPLOYMENT DATA, THE FED'S FOCAL POINT, CAME IN STRONGER THAN EXPECTATIONS.



INTERNATIONAL EQUITY MARKETS

Markets were preoccupied with the timing of the Fed's rate hike for most of 2015. However, the slowing US economy in the first quarter shifted the expected timing of the rate rise to the latter half of the year. During the second half year, China's equity indices started to plummet due to Chinese shares not being added to the MSCI index and commodities began a hard sell off. While this served to ease inflation, weakening domestic demand put pressure on the global economy led by Europe. A potential rate hike by the Fed started to be voiced in earnest only in the fourth quarter. In the closing months of the year, the discussion shifted from whether the Fed will begin raising rates to the pace of rate rises. Markets were volatile toward the end of the year as American employment data, the Fed's focal point, came in stronger than expectations.

Futures trading volumes in particular declined while stock trading was down 15% during this year characterized by uncertainty. In an effort to lure investors back to the markets and stoke interest in equities, derivatives (options) and CFD products, IS Investment continued to conduct introductory and educational seminars that it had initiated in previous years; the Company received positive results from information-based reports and recommendations. Total equity trading on the TradeMaster International (TMI) platform grew 21% year-on-year to reach USD 115.8 million in 2015.

PERFORMANCE OF EMERGING MARKET BONDS (%)

COUNTRY	2014	2015
EMBI+	6.15	3.88
Russia	(7.59)	20.08
Turkey	20.11	0.20
Indonesia	15.06	0.06
Brazil	9.59	(8.55)
Hungary	14.08	5.82
Mexico	11.92	(1.46)
South Africa	9.95	0.96

INTERNATIONAL DEBT SECURITIES MARKET

Similar to the prior year, major events that set the course for bond markets originated from central banks in 2015. The Fed, the most influential of the world's central banks in setting the direction of interest rates, moved the markets with its rate hike projections. In contrast, European Central Bank followed a completely opposite path and propped up bonds with its ongoing accommodative policy. While the most developed economies were strong throughout the year, large amounts of capital fled emerging markets due to lingering uncertainties. Although the USD 50 billion reduction in emerging market equity funds throughout the year was followed by weakening currencies, flight from EM bonds was more limited. EM bond funds contracted about USD 10 billion, losing ground mostly in local

currency-denominated assets. While the EMBI+ index ended the year in positive territory, individual countries comprising the index diverged from each other significantly due to their varied performance.

Altering course, Turkey went from diverging negatively to diverging positively as the election-related uncertainty that kept the market vulnerable all year had lifted by year's end. Eurobonds ended the year pretty much unchanged from their closing levels of the previous year. As Russia continued to recover from the major crisis it experienced in late 2014, Brazil was unable to shake off the effects of plunging oil prices and its downgraded sovereign credit rating. Indonesia absorbed some profit taking after a high-flying performance in the first quarter while Hungary continued to be a rising star in Europe with the support of positive economic data.

WITH TL 932 BILLION IN TOTAL LEVERAGED FX TRADING VOLUME, INCLUDING LIQUIDITY PROVIDER OPERATIONS, AND WITH A 5.5% MARKET SHARE, IS INVESTMENT RANKED SIXTH IN THE MARKET IN 2015.

INTERNATIONAL DERIVATIVES MARKETS

The contract for difference (CFD) product was among IS Investment's most popular investment instruments in 2015. Added to the Company's product lineup in fourth quarter 2012, CFDs offer leveraged trading opportunities to investors in equities, indices, and commodities via the TradeMaster International (TMI) platform. Equity CFDs made up 90% of total CFD trading volume.

CFD TRADING OFFERED IN TRADEMASTER FX META IS EXPECTED TO BE A MAJOR SOURCE OF INCOME DUE TO THE LEVERAGE RATIO AND COMPETITIVE PRICING.

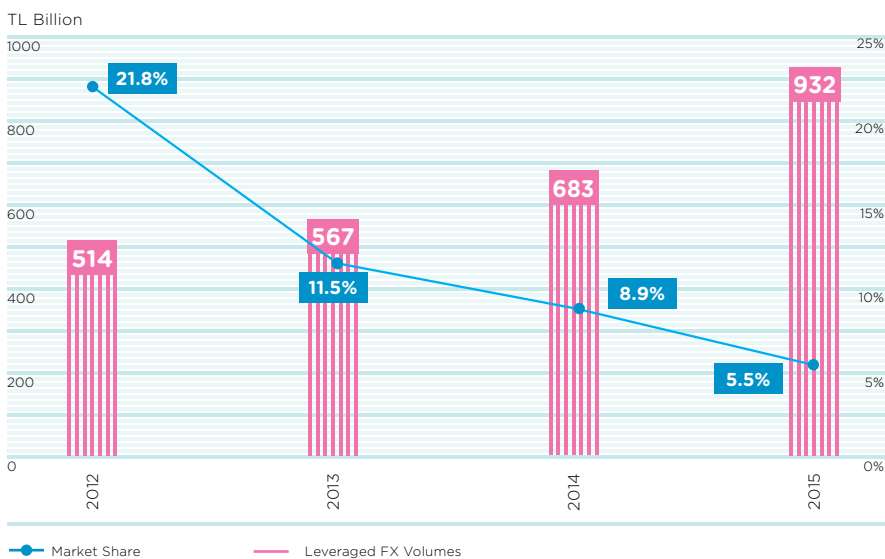
IS Investment added CFDs to the TradeMaster FX Meta platform in June 2015 and completed the promotional activities announcing its roll out. The Company plans to add nearly 300 equity CFDs to this platform in 2016. The CFDs that will be offered through the TradeMaster FX Meta in the coming year are expected to be a major source of income due to the leverage ratio and competitive pricing. The Company also has ongoing negotiations to increase the number of

affiliated parties. In order to market the products (CFD and equity CFD) on the TMI and TMFX Meta platforms more widely, IS Investment plans to expand to new regions internationally, organize seminars and conferences, and grow the customer base in Turkey.

The Greece crisis, which took a long time to resolve, and China's slowing growth, a more recent development, impacted the commodity markets in the first half year. Reluctance to cut production despite the decline in China's demand for metals weighed on the metals markets. While hedging-related transactions dominated trading on the London Metals Exchange (LME) particularly in the first half of the year, speculators also came to the table after a clear trend emerged in the market. The new steel scrap and steel rebar contracts launched by LME in late November already grabbed the attention of investors due the fact that these contracts will be settled based on prices at the Iskenderun Port, small contract sizes, and cash settlement. IS Investment aims to offer these products to investors depending on the market volume; these contracts are expected to generate some volume especially from hedging parties.



IS INVESTMENT - LEVERAGED FX TRADING VOLUME



LEVERAGED FX TRADING

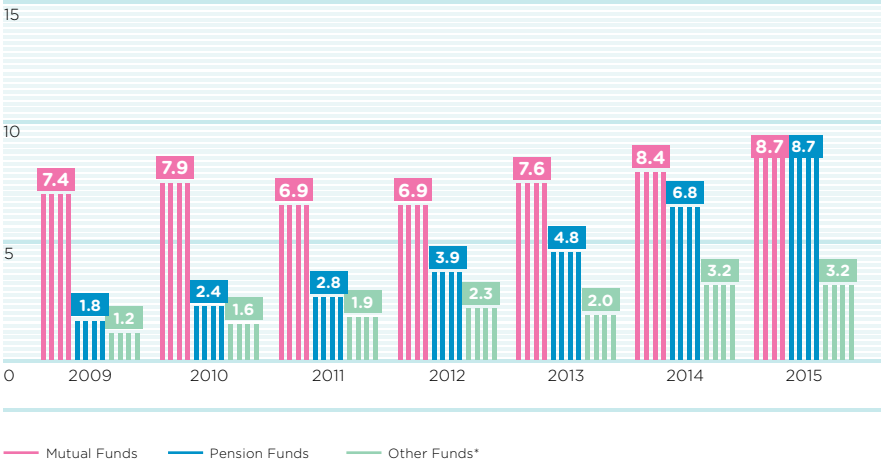
Launched in August 2011, Leveraged FX trading continued to diversify IS Investment's revenue stream in 2015. With the TL 932 billion total trading volume, including liquidity provider operations, and with its 5.5% market share, IS Investment was in the sixth position in 2015 while it was the first among the institutions with bank origin.

ASSET MANAGEMENT

THE SIZE OF THE CONSOLIDATED PORTFOLIO IS INVESTMENT MANAGES REACHED TL 20.7 BILLION IN 2015.

VALUE OF ASSETS UNDER MANAGEMENT AT IS INVESTMENT & IS ASSET MANAGEMENT

TL Billion



* The Other Funds category includes discretionary asset management portfolio, alternative investment products portfolio, SICAV funds, and the portfolio of IS Real Estate Investment Trust.

As of year-end 2015, mutual fund assets in Turkey totaled TL 37.7 billion while pension fund assets soared 33% year-over-year to TL 48 billion.

IS Investment's consolidated assets under management climbed to TL 20.7 billion in the same period. At year's end, the Company had TL 8.7 billion in mutual fund assets under its management for a 23.1% market share. The pension fund assets under the Company's management grew 28% year-on-year, in lock step with the overall market, to TL 8.7 billion, resulting in an 18.2% market share.



ROBUST STRUCTURE

DOMESTIC SALES & MARKETING

THE EXCEL TRADER APPLICATION, WHICH ENABLES THE CREATION OF VARIOUS COMBINATIONS AND FORMULATIONS OF ORDERS BY EXCEL IN TRADEMASTER, WAS ROLLED OUT TO INVESTORS IN 2015.

15
TL BILLION

The total portfolio managed by IS Investment as part of its domestic sales business line reached TL 15 billion in 2015.

Thanks to the new assets generated from the Company's new active investor acquisition push as well as appreciation in existing investor portfolios due to successful investment strategies, the total portfolio managed by IS Investment as part of its domestic sales business line reached TL 15 billion in 2015.

The Company met with 1,000 potential/new clients across the country in 2015 as part of its customer acquisition efforts and promoted its products and services via client visits under its domestic marketing initiatives.

Various events were organized in May for existing and potential investors in Istanbul and other provinces in Turkey. First, a meeting entitled "Turkish Economy and Markets Ahead of the Elections" was held at İş Towers on 4 May. Featuring Bekir Ağırđır from KONDA Research and moderated by IS Investment's Research Director Serhat Gürleyen, the event hosted nearly 200 current and prospective IS Investment investors. The meeting included a discussion of pre-election surveys and opinions as well as reflections on capital markets.

Subsequently, the Mersin Chamber of Commerce Meeting was held on 12 May where IS Investment's general economic outlook was shared with representatives from chamber members. Various individual customer and company visits were conducted in Adana and Mersin after this event.

The next event organized in the month of May was for existing and prospective customers of IS Investment in Antalya on 14 May. The purpose of this meeting was to promote TMFX Plus, the Company's new foreign exchange trading platform, and educate investors on account and risk management in forex trading.

A joint event was held with Deutsche Bank during the year to celebrate the fifth year of Warrants. The opening ceremony held at Borsa Istanbul on 2 October was followed by a reception at the Four Seasons Bosphorus Hotel on October 5. Attended by Borsa Istanbul and Capital Markets Board officials as well as many industry professionals, the celebration activities also boosted the name recognition of "IS Warrant."

The Excel Trader application, which enables the creation of various combinations and formulations of orders by Excel in TradeMaster, was rolled out to investors in 2015. IS Investment teamed up with Project Management department to conduct online training sessions for the branches and their related investors regarding the innovative application.

The revamp of the IS Investment website, which began in 2015, is expected to be completed in 2016. The Company will continue to conduct visits, hold marketing events and engage in promotion-oriented training, organization, meeting, and advertising activities in 2016 in order to accelerate the pace of customer acquisition.



IS INVESTMENT'S ELECTRONIC APPLICATION CENTERS PLAY AN IMPORTANT ROLE IN INCREASING FINANCIAL AWARENESS AND LITERACY.

TRADEMASTER CAMPUS

With the aim of incorporating theoretical knowledge into practical applications, IS Investment has collaborated with the country's leading universities since 2013. The company established Electronic Application Centers on a number of university campuses where students can make virtual investments with real-time data flow.

Universities with Electronic Application Center, which function like financial labs, include:

- Middle East Technical University
- Bilkent University
- Izmir Yaşar University
- Izmir Economy University
- Bilgi University
- Istanbul University
- Istanbul Kemerburgaz University
- Istanbul Culture University
- Gazi University
- Marmara University
- Manisa Celal Bayar University
- Yeditepe University
- Okan University
- Maltepe University

Student investors get the opportunity to put their theoretical knowledge into practice via IS Investment's online transaction platform TradeMaster. Located at these Centers on select university campuses, TradeMaster allows student to perform virtual transactions with real-time data flow. Student can use investment instruments available on Turkey's capital markets, including BIST 100 stocks, contracts on the Futures & Options Market, EUR, USD, benchmark bonds and

gold. However, transaction opportunities available to student investors are not limited to Turkish markets. Transactions can also be made via the demo program of TradeMaster International - the international markets transaction platform designed by IS Investment.

These international transaction options include stocks listed on the world's 26 leading equity exchanges, from the USA, Germany, United Kingdom, Japan and Canada. Futures transactions and option contracts of numerous commodities on the Chicago Mercantile Exchange, including gold, oil, cotton, corn, among others are also available to student traders. In addition, students can see and practice how leveraged transactions are made in 34 currency pairs on the forex market, including the most traded EUR-USD, USD-GBP, USD-JPY pairs and Turkish lira transactions.

Electronic Application Centers serve as an educational tool for investment and finance classes at participating universities. IS Investment specialists regularly visit and give lectures in collaboration with academics. The company's investment specialists explain how to use the application effectively, while also sharing their market know-how and experience with students.

Competitions are held among universities in order to ensure that Centers, which play an important role in increasing financial awareness and literacy, remain centers of attraction. With the TradeMaster Investment League contests held within and among participating universities, young investors have the



opportunity to monitor and make market transactions with real-time data flow, testing their knowledge and deepening their experience in the capital markets.

59 students making up 19 teams from 6 universities participated in the first TradeMaster Investment League competition organized in April 2014. 49 teams from 9 universities participated in the second contest held in November 2014.

Participation in the Investment League increased even more in the two competitions organized by IS Investment in 2015. Some 179 students making up 57 teams from 10 universities participated in the first contest held during the year while 300 student investors on 112 teams from 12 universities participated in the second competition.

The awards ceremony for the Investment League was held on 25 May at the Yeniköy Branch with the participation of

179 STUDENTS MAKING UP 57 TEAMS FROM 10 UNIVERSITIES PARTICIPATED IN THE FIRST CONTEST HELD IN 2015 WHILE 300 STUDENT INVESTORS ON 112 TEAMS FROM 12 UNIVERSITIES PARTICIPATED IN THE SECOND COMPETITION.

IS Investment representatives and the faculty members and students of the universities that placed in the top three.

In addition to the Investment League, the TradeMaster FX League took place between 4 May and 22 May with the participation of students from Yaşar University. The awards ceremony for the competition was held on 28 May on Yaşar University's Selçuk Yaşar Campus.

To date, IS Investment's TradeMaster Campus social responsibility initiative has reached more than 1,200 students.

TOP CONDITION

INVESTMENT ADVISORY AND WEALTH MANAGEMENT

PUBLIC OFFERING-RELATED FEEDBACK IS PROVIDED TO THE RELEVANT UNITS OF IS INVESTMENT BASED ON THE OPINIONS RECEIVED FROM CUSTOMERS ON BOOK-BUILDING AND PRICING, AND SALES EFFORTS ARE CONDUCTED.

IS INVESTMENT ORGANIZED SPECIAL MEETINGS WITH ALL CORPORATE CUSTOMERS ON VARIOUS TOPICS OF INTEREST, INCLUDING PUBLIC OFFERINGS, UNDERSECRETARIAT OF TREASURY'S DOMESTIC BORROWING STRATEGY AND AUCTIONS, ISSUES OF DEBT SECURITIES TO QUALIFIED INVESTORS AND PRIVATE PLACEMENTS.

Investment advisory consists of Prime Brokerage services provided to asset management companies, collective investment institutions, insurance companies, private pension companies, retirement funds, foundations and other capital markets firms. It also includes Wealth Management and Financial Planning services and activities that are offered to other corporate and individual clients.

PRIME BROKERAGE

IS Investment rendered support and advisory services related to setting up and administering mutual funds, book keeping and custody services to asset management companies, which will assume the responsibilities of both founder and manager pursuant to the amended provisions of the Capital Market Law. The Company facilitated communication and coordination between İşbank and the asset management companies with respect to custodianship of the funds' assets, and communicated with official bodies as necessary.

IS Investment facilitated coordination between the private placement buyers of private investment funds and IS Asset Management, the entity responsible for the establishment and administration of these funds. This coordination pertained to the matters of defining the scope of management service; provision of brokerage services; account opening; tracking and reorganizing, if necessary, the commission and fee structure based on prevailing market conditions.



ELECTRONIC TRANSACTION PLATFORMS WERE ESTABLISHED BETWEEN ASSET MANAGEMENT COMPANIES AND IS INVESTMENT, AND TRADES WERE EXECUTED THROUGH THIS PLATFORM.

The Company provided investment advisory and a full range of trading brokerage services to asset management companies, collective investment institutions, insurance companies, private pension companies, retirement funds, and foundations by way of dedicated investment advisors. It also executed margin trading and securities lending transactions.

Within the process of putting together and managing fund portfolios, IS Investment worked in coordination with the related departments in structuring products that will boost the top line and the bottom line consistent with the management strategies of asset management companies. The Company also intermediated the issuances of structured debt products and commercial paper. IS Investment organized informational meetings with 30 asset management companies in the industry, which had total assets under management of TL 100 billion as of November 2015. The Company regularly shared bid and offer price quotations for corporate bonds, fixed income securities, and other capital markets instruments that IS Investment renders liquidity provider services for in the secondary market with these firms. Block bid and trade reporting transactions were provided to the funds administered by asset management companies via the "Accelerated Book Building" method. Electronic transaction platforms were established between asset management companies and IS Investment, and trades were

executed through this platform. Parties were brought together with regard to the provision of client asset custodianship services for asset management companies by İşbank, and the necessary relationships were established. Communication and coordination was established with İşbank as well as other related units with respect to formulating internal control and risk management processes for the funds that the asset management companies served by IS Investment are founders and administrators.

Roadshows were organized for asset management companies, collective investment institutions, insurance companies, private pension companies, retirement funds, and foundations regarding treasury auctions and all other public offerings, issuances to qualified investors, and private placements. Public offering-related feedback was provided to the relevant units of IS Investment based on the opinions received from customers on book-building and pricing, and sales activities are conducted.

IS Investment worked with related units in integrating TEFAS, set up to intermediate mutual fund participation share trading, and the Company's systems infrastructure. Informational meetings were coordinated with the Marketing team to promote funds and asset management companies to IS Investment sales units.

WEALTH MANAGEMENT AND FINANCIAL PLANNING

IS Investment offers institutional customers – holdings and corporations – and high-net-worth individual (HNWI) shareholders of corporations and holdings, their senior management and members of the board of directors an investment advisory service. This offering enables them to make investment decisions that are most appropriate to market expectations based on the customers' short and long-term financial goals, liquidity positions, risk and profit preferences and the current tax environment. The advisory service is supported through reliable documentation, research reports and analytical studies. IS Investment has also expanded this service based on the "Wealth Management and Financial Planning" clauses in the Capital Market Law.

IS Investment worked in conjunction with relevant departments to determine the impact of investments made by high-net-worth individuals, with financial and non-financial assets, and responded to their requests/queries with regard to tax requirements. Coordination was ensured with IS Portfolio to provide wealthy individuals with tax advantages in their real estate investments and in further institutionalizing their investments by setting up a real estate investment fund (REIF) where 80% of the total fund amount must consist of real estate investments. Requests to establish special funds catering to the asset management and tax planning of family offices have been evaluated in a number of meetings.

IS INVESTMENT OFFERS HIGH-NET-WORTH INDIVIDUALS (HNWI) AN INVESTMENT ADVISORY SERVICE WHICH ENABLES THEM TO MAKE INVESTMENT DECISIONS THAT ARE MOST APPROPRIATE TO MARKET EXPECTATIONS BASED ON THE CUSTOMERS' SHORT AND LONG-TERM FINANCIAL GOALS, LIQUIDITY POSITIONS, RISK AND PROFIT PREFERENCES AND THE CURRENT TAX ENVIRONMENT.

It is crucial for corporate and special customers to constantly be kept informed on capital markets developments and factors that might influence their investment decisions. For this purpose, IS Investment periodically held informational meetings together with the research team.

The Company has provided institutional clients with brokerage and advisory services on stock buy-back programs for publicly-held corporations. IS Investment organized special meetings with all corporate customers on various topics of interest, including public offerings, Undersecretariat of Treasury's Domestic Borrowing Strategy and Auctions, issues of debt securities to qualified investors and private placements.

In addition, IS Investment forged collaborations with other investment institutions interested in conducting leveraged purchase and sales transactions through the Company's "White Label Partnership" or "Introducing Brokerage" services.

INSTITUTIONAL SALES & MARKETING

IS INVESTMENT CONTINUED EFFORTS TO GAIN NEW CUSTOMERS AT FULL PACE IN 2015, AS THE COMPANY'S FOREIGN INSTITUTIONAL INVESTOR CLIENT PORTFOLIO TOPPED 70.

The prevailing trend in Borsa Istanbul was downward during 2015, when general elections caused political instability and the Fed's interest rate decision weighed heavily on emerging markets. Bank and financial services stocks lost more ground compared to industrial shares due to the loss of value in the Turkish lira against the US dollar.

investor trading volume in fourth quarter due primarily to systems infrastructure upgrades.

IS Investment continued its overseas operations in 2015 by bringing together companies listed on Borsa Istanbul with investors. The Company organized roadshows for Aksa Enerji, Logo Yazılım, Tüpraş, Türk Telekom, and Soda Sanayi in various European hubs. The traditional annual London Investor Conference ("Hidden Riches of Turkey") was held in April with the participation of 20 companies and 40 investors. In addition, political analysts were brought together with investors to discuss the upcoming elections.

IS INVESTMENT CONTINUED ITS OVERSEAS OPERATIONS IN 2015 BY BRINGING TOGETHER COMPANIES LISTED ON BORSA ISTANBUL WITH INVESTORS.

In 2015, the trading volume of foreign investors in the equity market totaled TL 450 billion, while ownership of foreign investors in Turkish stocks declined to 62.47%. An analysis of the daily trading volume reveals that long-term foreign institutional investor interest in the Turkish market waned in 2015 while short-term algorithmic trading dominated the stock market's trading volume.

EQUITY MARKET

Trading volume dipped in the first half year as non-resident institutional investors increasingly began to use electronic order placement channels in 2015. However, this decline became less pronounced with the expansion of IS Investment's client portfolio in the second half. The Company registered noticeable increases in its daily foreign

DERIVATIVES MARKET

Total trading volume on the Borsa Istanbul Derivatives Market (VIOP) ticked up compared to 2014 while banks continued to dominate foreign investor trading volume. IS Investment, the only firm to intermediate foreign investors' trading without being a subsidiary of a global banking group, maintained its existing client base thanks to its high-quality services. In addition, despite a rigid market structure and its large market share, the Company undertook a major sales and marketing drive to acquire new customers and contacted a large number of investors. To this end, IS Investment conducted client visits in London and in Geneva, and partnered with Borsa Istanbul officials to participate in a derivatives conference in London.

The effects of the transition to NASDAQ technology, which transpired in the fourth quarter of the year, are expected to be seen in a more pronounced way in 2016. The new technology suite will allow foreign investors to post their margin at global custodian banks while executing their trading with another brokerage house (give up), similar to the practice they currently enjoy in the equity market. This new development brings about new opportunities as well as risks. Under the “give up” regulation, some global banks with subsidiaries in Turkey that were forced to trade through these subsidiaries only because they were keeping their margin and positions under the custody of these subsidiaries will now be able to execute their trades through another brokerage. As a result, IS Investment will have the opportunity to gain new clients. To this end, the Company established contact with potential banks and kicked off sales and marketing activities. However, this development also bears some risks since it will increase competition in the market and put more downward pressure on commission rates.

INSTITUTIONAL SALES - FIXED-INCOME SECURITIES AND STRUCTURED PRODUCTS

In 2015, a year shadowed by the general elections, IS Investment continued its new customer acquisition efforts and intermediation operations in Treasury and corporate bonds (TL and foreign currency-denominated) in the primary and secondary markets at full stride.

2015 was a very challenging year for investors. Expectations for a Fed rate hike and the perceptions of emerging market vulnerabilities weighed heavily on fund managers. In addition, heavy losses were suffered in emerging markets due to political crises, slowing economies and rising geopolitical risks. As a result, significant levels of capital fled developing countries. Total capital flight in local currency-denominated emerging market debt securities reached some USD 8.9 billion. In Turkey, government debt securities held by foreign funds declined TL 2 billion. Over the same period, flight from hard currency funds remained minimal at about USD 0.9 billion. Nevertheless, foreign ownership in Turkish Treasury-issued Eurobonds decreased from 71% to 66%.

The share of foreign holdings in Turkish government debt securities had remained flat during 2014 despite it being a challenging year for Turkey due to the overloaded domestic agenda. However, this ratio fell to 21.5% by end-2015, a year dominated by election-related news and expectations. A large part of the decline is due to the reduction in Turkish banks’ repo-based funding from foreign banks. Government debt securities held for the purposes of repo funding nearly halved, from TL 27 billion to TL 14 billion. Government debt securities held by Turkish banks and Turkish investment funds, which are growing rapidly due to intensifying interest in pension funds, were up TL 19 billion and TL 6 billion, respectively.

FOREIGN FUNDS' INTEREST IN TURKISH ASSETS REMAINED RELATIVELY SUBDUED IN 2015, AS FOREIGN INSTITUTIONAL INVESTORS' HOLDINGS OF BOTH TURKISH GOVERNMENT DEBT SECURITIES AND TURKISH EURO BONDS WERE BELOW THEIR RESPECTIVE WEIGHTS IN THE INDICES.

Foreign funds' interest in Turkish assets remained relatively subdued in 2015, as foreign institutional investors' holdings of both Turkish government debt securities and Turkish Eurobonds were below their respective weights in the indices.

Foreign funds performed TL 9 billion of purchases and TL 11 billion of sales, for a total trading volume of TL 20 billion - a significant reduction from the TL 34.5 billion trading volume registered in 2014.

IN AN EFFORT TO ENHANCE COMMUNICATION WITH EXISTING INVESTORS AND ACQUIRE NEW CUSTOMERS, IS INVESTMENT ORGANIZED LUNCH MEETINGS, IN VIENNA AND NEW YORK.

Following the major sell-off wave that left the yield of government debt securities and Turkish Eurobonds higher, foreign investors gained a higher buying appetite due to the improved risk perception and reduced uncertainty. Driving this development were Turkey's sound economic fundamentals, that it has a higher credit profile than many other developing countries; better budget performance and fiscal discipline; solid growth dynamics; an economy not dependent on commodity revenues; and relatively fewer structural

problems. This analysis is affirmed by rating agencies not downgrading Turkey's sovereign rating even during the period of political uncertainty.

Foreign institutional investors will increase their holdings of Turkish assets up to their weights in the indices these foreign funds track only if structural reforms accelerate in the coming years; political visibility improves; independence of the institutions are affirmed by the policies implemented by the administration; and the Central Bank of Turkey pursues relatively more hawkish monetary policies in the face of rising inflation and in response to Fed rate rises.

Potential global risks that may restrain foreign investors from increasing their holdings of Turkish securities include rising oil prices; lifting of sanctions on Russia imposed by western countries; more hawkish monetary policy by the Fed than currently anticipated; acceleration of bankruptcies that began in the US energy industry leading to a worsening in the lending environment; further deterioration in China's credit conditions beyond what the market is already expecting; and increased pace of capital flight from emerging markets.

IS Investment continued its efforts to gain new customers at full pace in 2015. In an effort to enhance communication with existing investors and acquire new customers, IS Investment organized lunch meetings, in Vienna and New York.

DEVELOPMENT AT RECORD HIGH

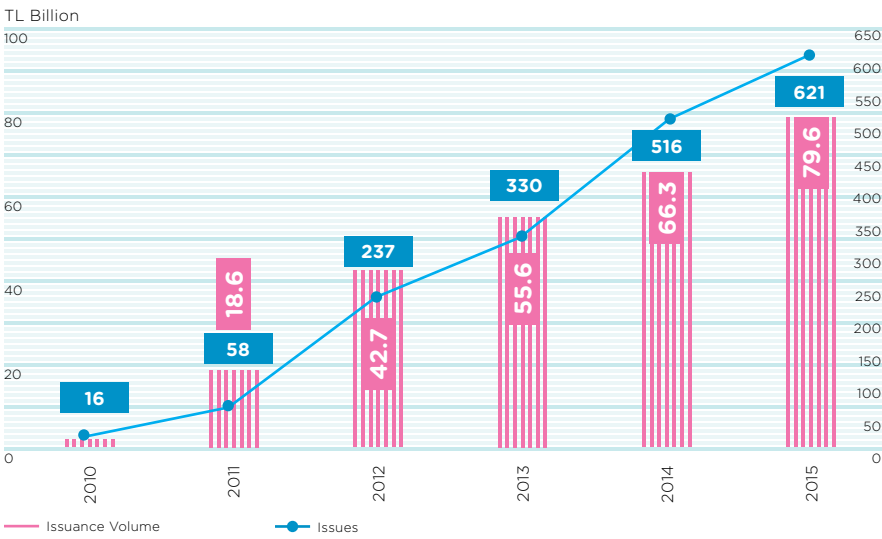
CORPORATE FINANCE

TOTAL ISSUANCE ARRANGED BY IS INVESTMENT SOARED 41.2% ON THE PREVIOUS YEAR TO REACH A RECORD-BREAKING TL 19.5 BILLION.

ISSUANCE OF DEBT SECURITIES

The primary market for corporate debt issues was worth TL 79.6 billion in 2015. Twenty banks, 52 non-bank financial institutions, and 45 real-sector firms raised debt from the domestic capital market by issuing debt securities this year.

DEBT-SECURITY ISSUES OF PRIMARY MARKET (2010-2015)



SINCE 2010, IS INVESTMENT HAS BEEN THE ARRANGER OF 342 DEBT SECURITY ISSUES OF VARIOUS KINDS WORTH A TOTAL OF TL 60.7 BILLION BY 39 DIFFERENT ISSUERS.

Banks accounted for 78.7% of total funding in primary corporate debt issues in 2015, while non-bank financial institutions and real-sector (non-financial) firms contributed 16.4% and 4.9%, respectively. Some 57.8% of all outstanding corporate debt securities have a maturity of less than six months, 35.4% have a maturity between six months and 24 months and the remaining 6.8% have a maturity of longer than 24 months.

The leading borrowers among banks in terms of debt securities issuance were İşbank with TL 12.8 billion; Vakıfbank with TL 8.0 billion; Ziraat Bank TL 7.0 billion; Akbank with TL 6.6 billion; and Garanti Bank with TL 6.0 billion.

Among the debt issues by non-bank financial institutions, the factoring industry led the way with 38.2% while brokerage houses and the leasing sector accounted for 28.8% and 27.4%, respectively, of the total debt issue volume. The leaders in this segment were IS Investment, İş Finansal Kiralama (IS Leasing), and Yapı Kredi Menkul Değerler (Yapı Kredi Securities) with TL 300 million, TL 211 million, and TL 200 million, respectively, in debt securities issuance.

The leader in debt issuance within the real sector was the energy industry with a 32.4% share of the overall issue volume in this segment, followed by the construction industry and the textile and apparel industry, with

17.7% and 16.0%, respectively. The outstanding issues in the real sector were Tüpraş with TL 200 million in debt issuance; Çalık Enerji and Tiryaki Agro with TL 150 million each in debt issuance; and Rönesans Holding, Aksa Enerji, and İÇTAŞ with TL 135 million each in debt issuance.

In addition to corporate bonds, TL 2.25 billion worth of lease certificates (Aktif Bank, Kuveyt Türk, Türkiye Finans) and TL 36.1 million worth of structured bonds (IS Investment) were issued in the corporate debt securities market.

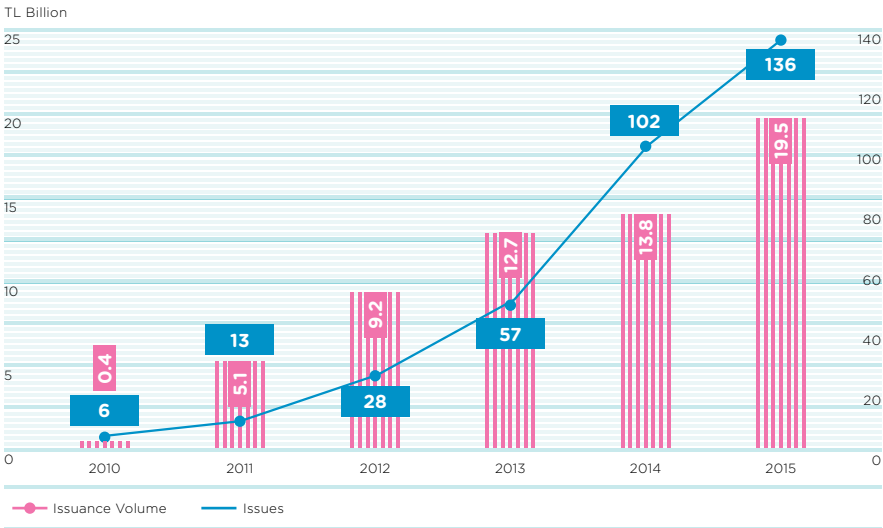
Some 481 of the issues in 2015 were sales to qualified investors while 140 were public offerings.

Debt Security Issues Arranged by IS Investment

Since 2010, IS Investment has been the arranger of 342 debt security issues of various kinds worth a total of TL 60.7 billion by 39 different issuers. Of these 342 issues, 175 involved sales to qualified investors while the remaining 167 were public offerings. Six of the 39 issuers were banks, 15 were financial services providers, four were holding companies, and 14 were industrial enterprises.

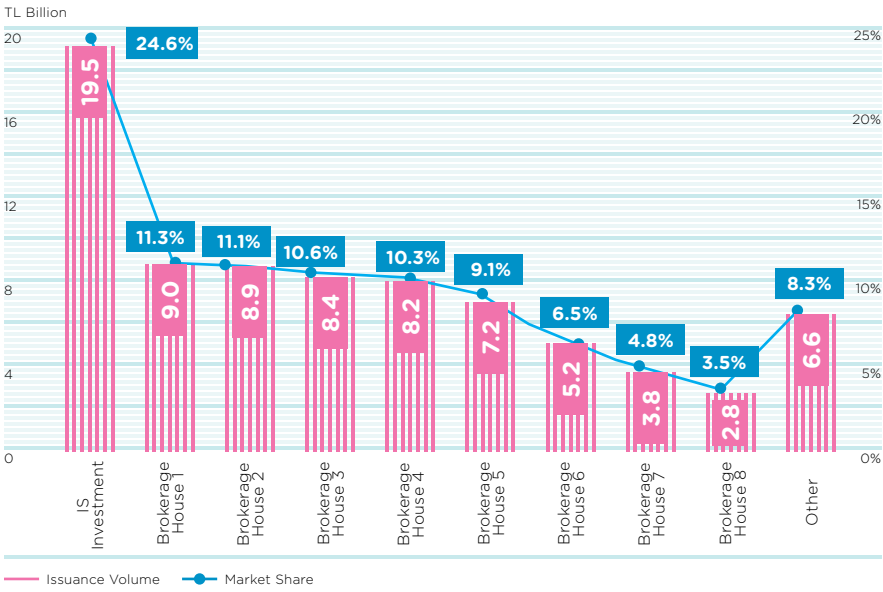
Total issuance arranged by IS Investment soared 41.2% on the previous year to reach a record-breaking TL 19.5 billion.

NUMBER AND VOLUME OF DEBT-SECURITY ISSUES ARRANGED BY IS INVESTMENT



IS Investment maintained its leadership position in the corporate debt securities market in 2015 with a 24.6% market share. The Company's closest rival had a market share of 11.3%.

MARKET SHARE AND DEBT-SECURITY ISSUANCE VOLUME OF BROKERAGE HOUSES



IS Investment arranged a total of TL 19.5 billion worth of corporate debt securities issuance in 2015. (A list of issues arranged by the Company is presented below.) In addition to the customers that regularly issue debt securities through IS Investment, the Company arranged the debt securities issues of a number of new clients this year, including TURKASSET, Intercity, Aksa Enerji, Tiryaki Agro, NEF, Türkerler İnşaat and Sümer Faktoring.

CORPORATE FINANCE

Item	Company	Amount	Type of Debt Instrument
1	İş Yatırım Menkul Değerler A.Ş.	2,774,120,000	Bill/CCD
2	Türkiye İş Bankası A.Ş.	3,346,230,000	Bill/Bond
3	Türkiye İş Bankası A.Ş.	9,441,202,295	Bill/Bond
4	ING Bank A.Ş.	1,124,260,000	Bill/Bond
5	Odea Bank A.Ş.	391,622,000	Bill
6	Bank Pozitif Kredi ve Kalkınma Bankası A.Ş.	144,930,000	Bill
7	İş Finansal Kiralama A.Ş.	146,534,633	Bill
8	Tiryaki Agro Gıda Sanayi ve Ticaret A.Ş.	150,000,000	Bond
9	Aynes Gıda Sanayi ve Ticaret A.Ş.	20,000,000	Bond
10	Rönesans Gayrimenkul Yatırım A.Ş.	100,000,000	Bond
11	Türkerler İnşaat	55,000,000	Bond
12	Creditwest Faktoring A.Ş.	25,000,000	Bond
13	Creditwest Faktoring A.Ş.	25,000,000	Bill
14	İş Finansal Kiralama A.Ş.	169,491,448	Bill
15	Pakpen Plastik Boru ve Yapı Elemanları	50,000,000	Bond
16	Intercity	30,000,000	Bond
17	Global Yatırım Holding	55,000,000	Bond
18	Sümer Faktoring A.Ş.	10,000,000	Bond
19	İş Finansal Kiralama A.Ş.	30,000,000	Bill
20	Creditwest Faktoring A.Ş.	50,000,000	Bond
21	Timur Gayrimenkul (NEF)	100,000,000	Bond
22	Tam Faktoring A.Ş.	20,000,000	Bond
23	Sümer Faktoring A.Ş.	20,000,000	Bond
24	İş Faktoring A.Ş.	163,779,576	Bill
25	Creditwest Faktoring A.Ş.	30,000,000	Bond
26	İş Finansal Kiralama A.Ş.	200,000,000	Bill
27	Koton Mağazacılık	75,000,000	Bond
28	İş Faktoring A.Ş.	75,223,260	Bill
29	Timur Gayrimenkul Geliştirme Yapı ve Yatırım A.Ş.	75,000,000	Bill
30	İş Finansal Kiralama A.Ş.	211,947,696	Bill
31	İş Faktoring A.Ş.	60,997,164	Bill
32	Aksa Enerji Üretim A.Ş.	135,000,000	Bond
33	Ekim Turizm Ticaret ve Sanayi A.Ş.	43,500,000	Bond
34	Ekim Turizm Ticaret ve Sanayi A.Ş.	17,500,000	Bond
35	TURKASSET Varlık Yönetim A.Ş.	11,000,000	Bond
36	TURKASSET Varlık Yönetim A.Ş.	25,000,000	Bond
37	İş Faktoring A.Ş.	157,000,000	Bill
Total		19,559,338,072	

Qualified: Issuances realized via Sales to Qualified Investors Method.

Issuance Method	Maturity (Days)	Issuance Starting Date	Pricing	Compound Yield at Issuance
Qualified				
Qualified				
Public Offering		Multiple issuances with different terms were made.		
Qualified				
Qualified				
Qualified				
Qualified	179	23.01.2015	Indicator + 100 bps	8.92%
Qualified	365	17.02.2015	Indicator + 350 bps	12.03%
Qualified	728	23.02.2015	Indicator + 450 bps	12.94%
Qualified	1,092	25.02.2015	Indicator + 300 bps	11.36%
Qualified	724	17.03.2015	Indicator + 550 bps	14.93%
Qualified	725	06.04.2015	Indicator + 300 bps	11.97%
Qualified	179	06.04.2015	Indicator + 175 bps	11.01%
Qualified	178	14.04.2015	Indicator + 100 bps	10.15%
Qualified	728	15.04.2015	Indicator + 500 bps	14.26%
Qualified	728	20.04.2015	Indicator + 375 bps	13.20%
Qualified	728	05.05.2015	Indicator + 475 bps	15.20%
Dedicated	1,092	15.05.2015	Indicator + 475 bps	14.88%
Qualified	177	20.05.2015	Indicator + 90 bps	10.50%
Qualified	727	22.05.2015	Indicator + 300 bps	12.85%
Qualified	728	27.05.2015	Indicator + 475 bps	14.80%
Qualified	365	28.05.2015	Indicator + 375 bps	13.84%
Qualified	728	29.05.2015	Indicator + 475 bps	15.02%
Qualified	179	26.06.2015	Indicator + 100 bps	11.10%
Qualified	553	07.07.2015	Indicator + 300 bps	12.96%
Qualified	178	21.07.2015	Indicator + 100 bps	10.73%
Qualified	728	13.08.2015	Indicator + 350 bps	13.86%
Qualified	179	18.09.2015	Indicator + 100 bps	12.30%
Qualified	722	08.10.2015	Indicator + 500 bps	16.77%
Qualified	179	09.10.2015	Indicator + 100 bps	11.84%
Qualified	179	16.10.2015	Indicator + 110 bps	12.06%
Qualified	728	18.11.2015	Indicator + 425 bps	14.93%
Qualified	1,092	09.12.2015	15.32% Simple / 15.33% Compound	15.33%
Qualified	728	09.12.2015	13.92% Simple / 14.71% Compound	14.71%
Qualified	1,088	15.12.2015	15.1913% / 16.0796%	16.08%
Qualified	724	15.12.2015	14.9413% / 15.8004%	15.80%
Qualified	178	22.12.2015	Indicator + 110 bps	12.07%

THE PRIMARY MARKET FOR CORPORATE DEBT ISSUES WAS WORTH TL 79.6 BILLION IN 2015.

Public offerings in the EMEA region intensified in 2015 after the slowdown in the second half of 2014. The ratio of cancelled and postponed IPOs to total IPOs was lower in 2015 compared to the prior year.

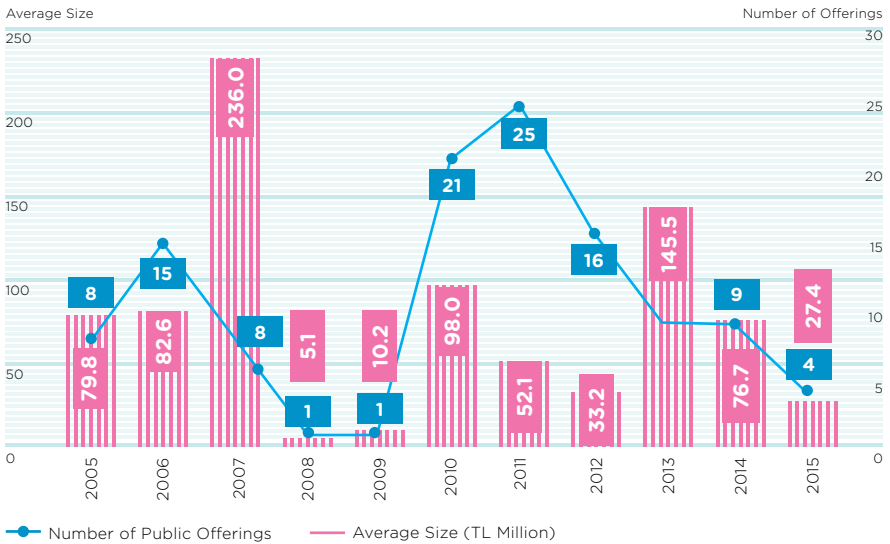
In Turkey, of the large-scale public offerings planned for flotation on the National Market that IS Investment was the lead arranger for, the TUSAŞ IPO was postponed, Global Liman’s public offering was cancelled after the book-building stage, and Silopi Elektrik flotation was cancelled after initial consultations with investors. The IPO of Ak Gıda, another large-scale offering lead-arranged by Ak Investment, was cancelled due to sale to a strategic investor.

2015 was not a very active year for the ListingIstanbul project, launched in 2013 and undertaken jointly with Borsa Istanbul. The only ListingIstanbul activity of the year was a joint event by Borsa Istanbul and the Montenegro Stock Exchange in March 2015 to bring together Montenegro-based companies with IPO potential and Turkish investors. The event held in Istanbul was attended by Montenegro-based companies, representatives of Montenegro’s capital markets authorities, IS Investment, and representatives of other brokerage houses in Turkey.

EQUITY PUBLIC OFFERINGS

The nine private-sector company IPOs on Turkey’s National Market (excluding the Emerging Companies Market) in 2015 raised TL 109.6 million. The largest of these was the flotation of Verusatürk GSYO, which raised TL 51.9 million.

PUBLIC OFFERINGS EXCLUDING PRIVATIZATIONS AND PUBLIC SECTOR OFFERINGS (2005-2015)



EQUITY PUBLIC OFFERINGS IN 2015

Company	Trade Market	Method of Sales	Underwriter	Proceeds (TL Million)	Proceeds (USD Million)
Hedef Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Collective Products	Offering in the Exchange	A1 Capital Menkul	23.2	9.9
Senkron Güvenlik ve İletişim Sistemleri A.Ş.	Secondary National	Offering in the Exchange	A1 Capital Menkul	14.1	6.0
Bantaş Bandırma Ambalaj San. ve Tic. A.Ş.	Secondary National	Offering in the Exchange	Gedik Yatırım	20.4	7.7
Verusaturk Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Collective Products	Offering in the Exchange	Meksa Menkul	51.9	18.0
Total				109.6	41.6

OTHER EQUITY MARKET TRANSACTIONS CARRIED OUT IN 2015

Date	Company	Operation	Trade Volume (TL million)
January 2015	Tukaş	Mandatory bid	0
February 2015	Mutlu Akü	Right of squeeze out/ selling brokerage	12.3
March 2015	Soda Sanayii	Selling to institutional/ qualified investor	80.6
March 2015	Demirdöküm	Right of squeeze out/ selling brokerage	7.4
March 2015	Petrol Ofisi	Right of squeeze out/ selling brokerage	73.8
June 2015	PİMAŞ Plastik	Right of clearance brokerage	0
August 2015	Denizli Cam	Wholesale market operation	17.6
Total			191.7

IS Investment intermediated TL 191.7 million worth of other equity market transactions in 2015. The Company provided sell-out right brokerage services to Mutlu Akü, Demirdöküm and Petrol Ofisi; tender offer brokerage services to Tukaş; retirement right brokerage service to Pimaş Plastik; and wholesale market brokerage services to Denizli Cam. IS Investment arranged the sale of 3.27% of Soda Sanayi shares to domestic and international institutional investors by way of the accelerated equity offering method.

WITH FOUR BUY-SIDE AND FIVE SELL-SIDE ADVISORY TRANSACTIONS IN 2015, IS INVESTMENT WAS ONE OF THE MOST ACTIVE FIRMS IN THE MARKET, COMPLETING NINE DEALS WITH OUTSTANDING SUCCESS.

MERGERS AND ACQUISITIONS TRANSACTIONS

In 2015, the merger and acquisitions market included 245 deals (2014: 284) worth USD 15.7 billion (2014: USD 28 billion). The M&A market used to favor foreign investors in the past; in 2013, however, the winds changed in favor of domestic investors. As of December 2015, 55% of the transactions were undertaken by local investors.

Most of the transactions were undertaken by local groups who are keen to make use of investment opportunities in Turkey and abroad and who act based on sector dynamics. (In 137 of 245 deals, the buyer was Turkey-based.) The foreign investor base is no longer dominated by representatives from Europe, but has balanced out with companies and funds originating from the Far East and Middle East and with strategic investments. In 2015, as was the case the prior year, important acquisitions in foreign markets by domestic investors continued. As a result, around 10% of the total number of acquisition deals were undertaken in foreign markets.

This number was affected by two developments: rising political risks which negatively affected foreign investment and the increasing inclination and ability of Turkey-based investors to purchase domestic and foreign companies.

In 2015, tenders of six facilities opened by the Privatization Administration

and other public institutions were completed. These included the Soma power plant for USD 685 million; the Fethiye hydroelectric power plant for USD 44 million; the Manavgat hydroelectric power plant for USD 128 million; Karacaören hydroelectric power plants for USD 176 million; Kadıncık hydroelectric power plants for USD 300 million; and Doğankent, Kurtun and Torul hydroelectric power plants for a total of USD 417 million. In 2015, only electricity generation assets went out for tender. The total income generated with six transactions amounted to USD 1.8 billion, equivalent to nearly 11% of the total deals.

Thirty-nine completed transactions above USD 50 million constituted 29% of the total number of M&A transactions. Four deals exceeded USD 1 billion: Purchase of minority shares of Socar Türkiye by Goldman Sachs; purchase of 100% shares of Almatiss – a leading alumina brand – by Oyak Group; purchase of Finansbank by Qatar National Bank; and purchase of Digiturk by Qatari investor Beln Media.

In 2015, private equity transactions – a considerable number of which included online businesses and e-commerce websites – came in at nearly 50 deals worth around USD 2.5 billion in total. The most significant of these transactions included: Goldman Sachs becoming a minority shareholder of Socar Türkiye; NBK exiting the Kılıç Deniz partnership; Abraaj's hepsiburada.com investment; and Qatar-based Mayhoola Investment

becoming a minority partner in Boyner retail. With private equity funds sitting on vast amounts of cash in Turkey and the region, the market expects that these capital owners will seriously consider investing in Turkey. In the event the market environment is amenable, private equity investments are projected to rise in 2016. In addition, tenders for electricity generations facilities, İGDAŞ (natural gas), Halk Sigorta (insurance) and sugar refineries are expected in the coming year.

With four buy-side and five sell-side advisory transactions in 2015, IS Investment was one of the most active firms in the market, completing nine deals with outstanding success. A broad industry distribution was once again achieved as the Company completed three services, three consumer product, one energy, one TMT and one industrial manufacturing sector transactions. IS Investment captured a 27% share of all transactions involving an advisor in the market in 2015.

Thanks to the network it has established with more than 130 investment banks/intermediaries in more than 50 countries, IS Investment can easily expand its global reach and provide customers located in these countries with financial solutions. During the year, IS Investment furthered its connections with boutique intermediaries and M&A consultants abroad in order to increase its access to foreign buyer companies.

Foreign investors are expected to become interested in merger and acquisition deals in 2016 once international political tensions subside. Thus, the M&A market is forecast to expand in the coming year.

In the coming period, IS Investment plans to complete some of its current advisory projects in private sector M&A transactions while consolidating its market leading position in terms of number of M&A deals. In addition, IS Investment will continue to provide advisory services in privatization projects, expand its foreign network of intermediary firms and maintain existing relationships within the network.

More information on the nine deals IS Investment completed in 2015 is found below:

COMPLETED PROJECTS IN 2015

Target Company	Deal Size (USD Million)	Buyer	Type of Advisory	Sector Team
Negmar Denizcilik Yatırım	21.0	Raintrade Petrokimya	Seller	Service/Health/Logistics
Mika Tur	3.8	İş Girişim	Buyer	Service/Health/Logistics
Total Petrol*	365.0	Demirören Grubu	Buyer	Energy
Sudel Invest S. a.r.l. Ruscam	77.0	Ac Glass Holding BV	Buyer	Main Industries
Yeşilküre Gıda	-	Tiryaki Ailesi	Buyer	Consumer Goods
Avea İletişim Hizmetleri	323.0	Türk Telekom	Seller	Telecommunication
Zeytursan Gıda	-	BPLAS	Seller	Consumer Goods
İsmar Marketleri	11.0	CarrefourSA	Seller	Consumer Goods
Evciler Kimya	11.0	Elemental Holding	Seller	Service/Health/Logistics

*SPA has been signed, expected closing to take place within 1H 2016.

HIGH SCORE

RESEARCH

THE MODEL PORTFOLIO FORMED FROM AMONG COMPANIES IS INVESTMENT ADVISED TO “BUY” OUTPERFORMED THE BIST 100 INDEX BY 4.37% FOR THE YEAR.

Throughout 2015, IS Investment continued to regularly generate high value-added reports on the macroeconomic environment, fixed income securities and equities.

IS Investment publishes 91 regular reports on publicly traded companies comprising 90% of the Borsa Istanbul market capitalization and it issues buy/sell/hold recommendations on these companies. The model portfolio formed from among companies IS Investment advised to “buy” outperformed the BIST 100 index by 4.37% for the year. In addition, the Company formed a “Hidden Riches Portfolio” at end-2015 which including stocks of companies with low transaction volumes.

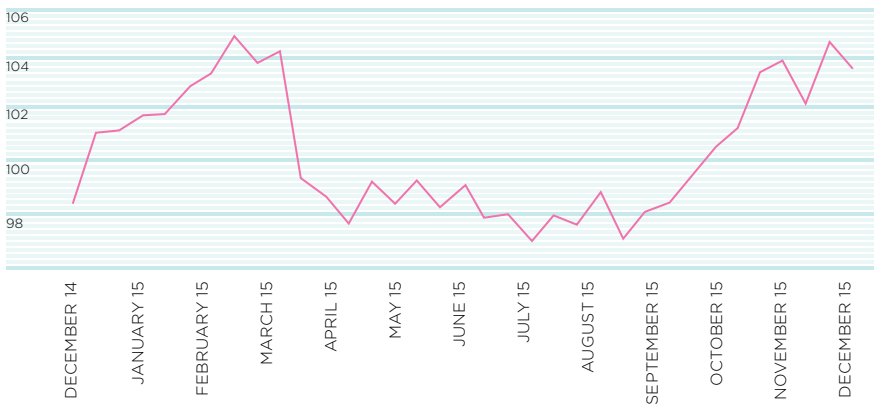
During 2015, IS Investment continued to play an active role in accessing international institutional investors and qualified individual investors. The Company published comprehensive multilingual (Turkish-English) reports regarding macroeconomic issues and equities as well as fixed-income

security strategies. It also conducted weekly strategy meetings and made frequent visits to domestic institutional investors and asset management companies.

IS Investment actively participated in international and national sales processes in 2015. A series of IS Investment roadshows was conducted in an effort to promote Borsa Istanbul companies among potential international investors. The Company’s research and international sales teams met with investors in continental Europe, the UK, and the USA during which presentations were shared focusing on Turkey’s macroeconomic, equity, and fixed-income security outlook. One-on-one meetings were held in Istanbul, London and continental Europe so that foreign and Turkish institutional investors and companies could become better acquainted.



PERFORMANCE OF IS INVESTMENT'S MOST RECOMMENDED STOCKS LIST OVER BIST 100



In response to customer requests, IS Investment plans to increase the number of companies it covers in 2016. Additionally, companies outside of the BIST 100 index on the secondary watch list will be selected and added

to the primary watch list. The Company anticipates an increase in demand for its reports and recommendations on shares and fixed income securities in the coming period, which is expected to be marked by significant volatility.



SECURE FUTURE

RISK MANAGEMENT

IS INVESTMENT'S MARKET RISKS ARE CLOSELY MONITORED ON A DAILY BASIS WITH THE VALUE-AT-RISK (VAR) APPROACH AND THE RESULTS ARE SHARED WITH RELEVANT PARTIES.

Risk management at IS Investment is carried out independently of the Company's business units and is instead subject entirely to the oversight and control of the Board of Directors. As one consequence of its risk management culture that is integrated into its corporate governance attitudes and approaches, a Risk Committee was set up within the Board of Directors in 2012. This committee continued to meet regularly during 2015.

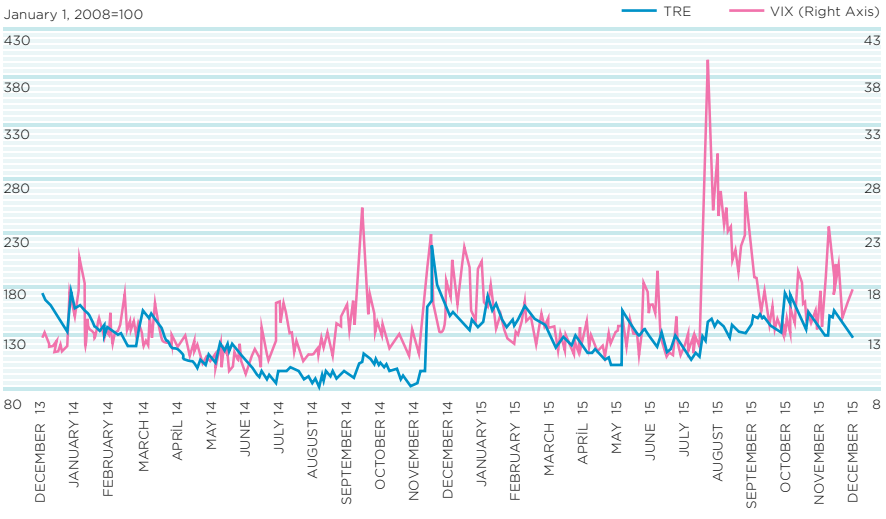
The market risks to which the Company is exposed are quantified on a day-to-day basis using the value-at-risk (VaR) methodology. The daily reports that are generated are disseminated among those concerned. Through this process, a risk-aware culture is fostered throughout the Company while the appetite for risk is effectively managed. Detailed monthly risk reports are regularly submitted to İsbank, the Company's principal stockholder, as are quarterly consolidated risk reports containing information about

the Company's subsidiaries. Such reports are also reviewed and assessed at Risk Committee meetings.

Between December 2014 and December 2015, the Market Volatility Index (VIX) fluctuated in the 12 to 41 range, while the Turkey Risk Index (TRE) ranged between 90 and 199. Falling oil prices left their mark on the world's markets last year to become the most important factor leading to rising concerns about global growth rates. The country most affected by plunging oil prices was Russia. Despite a record hike in interest rates by the Russian Central Bank, the country was not able to prevent a sharp depreciation in the ruble. This in turn caused a distortion of the risk perception on emerging markets; as a result, the VIX and TRE rose. Additionally, in January, the Swiss Central Bank removed the cap on the Swiss franc which led to a pronounced jump in the value of the currency vis-à-vis the Euro and USD, sparking more volatility in global markets and a rise in the VIX.

RISK MANAGEMENT AT IS INVESTMENT IS CARRIED OUT INDEPENDENTLY OF THE COMPANY'S BUSINESS UNITS AND IS INSTEAD SUBJECT ENTIRELY TO THE OVERSIGHT AND CONTROL OF THE BOARD OF DIRECTORS.

TURKEY RISK INDEX - TRE & VIX



Geopolitical risks emerging due to the ongoing conflicts in the Middle East also contributed to the increase in the TRE. Two key developments helped the VIX gradually decrease: (i.) The positive impact of the European Central Bank's decision to initiate an asset purchase program to counter deflation risk in the Eurozone; and (ii.) The Fed's patient and cautious approach to increasing interest rates.

Declining global risk perceptions gave emerging markets a needed boost. Before the 2015 general elections in Turkey, a balanced mood overtook the domestic market, with potential risks already priced in and the TRE went down. However, due to uncertainty caused with the election results, a rise in terrorism, and the negative impact of other domestic dynamics, market volatility surged. In parallel with the distorted risk perception, the gradual

upward rise in the TRE continued until the early elections in November. Indicators signaling a slowing Chinese economy coupled with rising concerns over growth rates worldwide due to a sharp decrease in commodity prices set off a wave of selling. The Shanghai Stock Exchange reached a record low in August, an event that influenced markets and stocks around the globe. During this period, VIX reached its highest level of the year. With potential signs of economic slowdown in China and the US, expectations rose that the Fed might delay an interest rate hike. In addition to the Fed's statements relating mostly to market expectations, positive economic signs from Europe and Asia resulted in a gradual decline in the VIX. Domestically, after the early general elections a single party government was formed, easing political uncertainty and pressure on the TRE, which fell.

OUTLOOK FOR 2016

IS INVESTMENT'S RETURN ON EQUITY (PRIVATE) IS EXPECTED TO BE 10-13% IN 2016.

In accordance with the update included in the Board of Directors annual report dated 30 September 2015, the Company's return on equity (private) in 2015 was 11%. Although official macroeconomic figures have not been announced yet, we are expecting numbers to be in line with our projections.

IS Investment's forecasts for 2016 include:

- In terms of macroeconomic indicators that are of great significance for investors, inflation at 8.7%, current account deficit to GDP at 5% and GDP growth of 3.5%.
- The Company's return on equity (private) is expected to be 10-13%.

AGENDA OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS

İŞ YATIRIM MENKUL DEĞERLER A.Ş.

AGENDA OF THE GENERAL ASSEMBLY MEETING HELD ON 23 MARCH 2016

1. Opening and appointing the meeting council,
2. Presenting and discussing the Board of Directors Annual Report and the Independent Audit Report regarding 2015,
3. Presenting, discussing and approving 2015 Financial Statements,
4. Acquittal of the members of the Board of Directors separately due to their activities in 2015,
5. Deliberating and decision-making on the profit distribution of 2015,
6. Electing the Members of the Board of Directors, and determining their term of office,
7. Determining the remuneration of the Members of the Board of Directors,
8. Appointing the Independent Audit Company,
9. Presenting information about the donations made in 2015,
10. Determining the upper limits of the donations to be made in 2016,
11. Petitions and suggestions.

DIVIDEND DISTRIBUTION PROPOSAL OF THE BOARD OF DIRECTORS

According to the financial reports issued in conformity with the Capital Markets Board's Communiqué on "Financial Reporting Principles In Capital Markets"; the Company's consolidated net profit after tax arising from 2015 activities is TL 40,475,419.00 while its net profit according to legal records is TL 48,161,082.09.

After setting aside TL 2,408,054.10 primary legal reserve funds equivalent to 5% as per the 519th Article of the Turkish Commercial Code, and adding the TL 22,550.00 donation made during the year; the first dividend base was calculated as TL 38,089,914.90 while the net distributable profit for the period in the legal records was TL 45,753,027.99.

The decision was made to present a proposal on the following issues to the General Assembly, in conformity with the profit distribution table given below:

- To set aside TL 2,408,054.10 as primary legal reserve funds from the current profit for the period calculated according to the legal records;
- To distribute a total amount of TL 36,000,000.00 gross dividend in cash to the shareholders; TL 7,617,982.98 as the first dividend, TL 28,382,017.02 as the second dividend,
- To set aside TL 1,825,000.00 as secondary legal reserve funds, and to set aside the remaining TL 7,928,027.99 in the legal records as extraordinary reserve funds,

Furthermore, the decision was made regarding the TL 36,000,000.00 dividend to be distributed in cash in case the abovementioned dividend distribution proposal is accepted by the General Assembly:

- To distribute - 10.1408% and gross TL 0.1014 per share with par value of TL 1.00 - net cash dividend to our shareholders who are full taxpayers and who are limited taxpayers earning dividend with an office or a permanent agency in Turkey,
- To distribute - 10.1408% and gross TL 0.1014 per share with par value of TL 1.00 - net TL 0.0862 dividend in cash to the other shareholders,
- To make a proposal to the General Assembly for determining the profit distribution date as Monday 28 March 2016.

2015 PROFIT DISTRIBUTION TABLE (TL)

1. Paid in/Issued Capital		355,000,000.00
2. General Legal Reserve Funds (According to the Legal Records)		27,772,450.05
Information about the privilege, if any, in profit distribution as per the Articles of Association		There are no privileges.
	According to CMB	According to Legal Records
3. Profit for the period	40,475,419.00	48,161,082.09
4. Tax to be paid (-)	0.00	0.00
5. Net Profit for the period	40,475,419.00	48,161,082.09
6. Losses from the previous years (-)	0.00	0.00
7. General Legal Reserve funds (-)	(2,408,054.10)	(2,408,054.10)
8. NET DISTRIBUTABLE PROFIT FOR THE PERIOD	38,067,364.90	45,753,027.99
9. Donations made during the year	22,550.00	
10. Net Distributable Profit for the period including Donations	38,089,914.90	
11. First Dividend to the Shareholders		
- Cash	7,617,982.98	
- Scrip Shares	0.00	
- Total	7,617,982.98	
12. Dividend Distributed to the Privileged Shareholders	0.00	
13. Dividend to the Members of the Board of Directors, Employees and Similar Persons	0.00	
14. Dividend Distributed to the Holders of Dividend Right Certificates	0.00	
15. Second Dividend to the Shareholders	28,382,017.02	
16. General Legal Reserve fund (-)	1,825,000.00	
17. Statutory Reserves	0.00	
18. Special Reserves	0.00	
19. EXTRAORDINARY RESERVE FUNDS	242,364.90	7,928,027.99
20. Other Resources To Be Distributed	0.00	
- Profit from the Previous Year		
- Extraordinary Reserve Funds		
- Other Distributable Reserves as per the Articles of Association and the Law		

DIVIDEND RATIO TABLE

NET	GROUP	TOTAL DISTRIBUTED DIVIDEND		TOTAL DISTRIBUTED DIVIDEND/NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDEND CORRESPONDING TO SHARE WITH PAR VALUE OF TL 1.00	
		CASH (TL)	STOCK (TL)	RATIO (%)	VALUE (TL)	RATIO (%)
	A	*				
NET *	B	*				
	TOTAL	30,600,000.00	0.00	80.38%	0.0862	8.62%

(*) Gross: TL 36,000,000 cash was set aside for dividends while there is no dividend privilege in share groups.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Statement of Compliance with Corporate Governance Principles
 It is critical for our developing economy to increase the quality and quantity of international capital attracted to Turkey. Global and regional negative economic developments in recent years once again highlighted the importance of good corporate governance practices for businesses, investors and all related parties. Good corporate governance practices were a key indicator with respect to the growth of businesses and to sustainability of their operations also in 2015.

IS Investment stands for the corporate approach in its sector associated with the “İş” emblem by our society. The Company recognizes that good corporate governance practices can be achieved through various initiatives, including formulation of the management strategy, establishment of an effective risk management and internal control mechanism, description of ethical rules, quality performance of investor relations activities and due fulfillment of public disclosure obligation, and transparent execution of Board of Directors activities. To this end, IS Investment observes accountability, equality, transparency and responsibility that make up the universal components of corporate

governance concept in the exercise of its rights and responsibilities towards its shareholders in particular, and its customers and all stakeholders in general, while maintaining effective management and supervision. Based on this understanding, IS Investment achieves alignment not only with the compulsory corporate governance practices as imposed by the Capital Markets Board of Turkey (CMB), but also with numerous non-compulsory principles.

Conducting its business in accordance with the Turkish Commercial Code, the Capital Market Law and applicable legislation, as well as its corporate ethical rules, IS Investment believes that compliance with Corporate Governance Principles is as equally important as financial performance in terms of providing long-term added value for its investors.

It was publicly disclosed on 4 September 2015 that JCR Eurasia Rating revised IS Investment’s corporate governance rating from an overall score of 8.91 to 9.05.

The Company’s compliance levels in each of the four main sections as compared with the previous period are presented in the table below:

Main Sections	Previous Period 03.03.2014	Previous Period 05.09.2014	Revised 04.09.2015
Shareholders	8.54	8.83	9.01
Disclosure and Transparency	9.04	9.04	9.04
Stakeholders	8.51	8.51	8.90
Board of Directors	8.96	9.05	9.15
Overall Score	8.81	8.91	9.05

By virtue of the corporate governance rating received, IS Investment continues to be included in the BIST Corporate Governance index under the relevant rule of Borsa Istanbul.

This Corporate Governance Principles Compliance Report covers the information and headings announced in the CMB Weekly Bulletin of 27 January 2014 and also incorporates some additional information deemed appropriate by our Company.

PART I - SHAREHOLDERS

INVESTOR RELATIONS UNIT

IS Investment demonstrated the importance it attaches to the subject by setting up the Investor Relations Unit even before the IPO with a view to ensuring the timely execution of the activities for healthy conduct of relations with shareholders and stakeholders, as well as making sure that public disclosure obligation and information delivery activities are carried out at the required quality.

The Investor Relations Department is responsible for keeping the shareholders and all other related parties informed on the Company's activities and performance within the scope of the capital market legislation and IS Investment Disclosure Policy. The Department fulfills public disclosure obligation, and handles relations in general with the shareholders and stakeholders. The Investor Relations Department is also charged with the coordination of the IS Investment Disclosure Policy, which is approved by the Board of Directors and publicly disclosed. In essence, the Department carried out the following activities during the reporting period:

- Communicate necessary information and disclosures, other than those of an inside information nature, to shareholders and stakeholders in

a timely, accurate, complete, and intelligible manner, easily accessible at the lowest cost possible, and equally available to all, and provide necessary information for accurate interpretation of the information delivered.

- Participate in national and international road shows.
- Prepare the Company's Strategic Planning Report which will serve as a reference for the Board of Directors and Executive Board.
- Ensure that any questions directed by shareholders and stakeholders are responded to correctly, as promptly as possible, and coordinated as necessary; pay due care for protection of inside information within the data made available.
- Fulfill the Company's public disclosure obligation regarding material events that may affect the value of the Company's capital market instruments traded on the stock exchange and/or that may be influential on investors' investment decisions within the frame of the capital market legislation.
- Oversee that quarterly financial reports are drawn up in accordance with the capital market legislation and have them publicly disclosed within the legally prescribed periods of time.
- Handle relations with existing and potential investors.
- Supervise that the General Meetings are held in conformity with the legislation in force, the Company's articles of association, and the CMB's Corporate Governance Principles, and that the outcomes from the General Meeting are recorded properly.
- Make sure that the "Yatırımcı İlişkileri/ Investor Relations" sections on the Company's website available both in Turkish and English languages are actively used for public disclosure; ensure that material event disclosures, informational presentations, relevant corporate information and other information and data generally required by regulatory authorities and

by the CMB Corporate Governance Principles are posted and kept up-to-date.

- Observe the Corporate Governance Principles issued by the CMB in efforts for keeping shareholders and stakeholders informed and in public disclosure activities.
- Submit reports to the Corporate Governance Committee and the Board of Directors regarding the activities of Investor Relations Department on a quarterly basis and at such other times deemed necessary.
- Monitor the stock performance and make suggestions for its improvement.
- Expend efforts to increase the Company's level of compliance with the CMB's Corporate Governance Principles and bring recommendations in this matter.

Ever since its establishment, the Investor Relations Department has responded in detail to information requests received on the phone, by email and/ or in one-to-one meetings with investors within the frame of the IS Investment Information Policy, participated in conferences held in and out of Turkey, and organized teleconferences. Individual investors' questions are answered as necessary on such topics as the operational performance, interpretation of financial results, dividend distribution policy, subsidiaries' performance, and stock performance at certain periods. Qualified domestic investors and foreign institutional investors, on the other hand, mostly prefer to direct their questions in one-to-one meetings. Since the Department has not received any written queries, no records were kept on the number of information requests received.

It was publicly disclosed on 17 March 2009 that Ozan Altan has been appointed as the Head of the Investor Relations Department based on the decision of Board of Directors dated 16 March 2009.

Contact information for the Investor Relations and the Assistant General Manager in charge, which is also disclosed on the corporate website, is presented below:

FUNDA ÇAĞLAN MURSALOĞLU **ASSISTANT GENERAL MANAGER**

Academic Degree: Master's

Type of Capital Market Activity

License: Advanced Level

Tel: +90 212-350 23 48

Fax: +90 212-350 20 01

Email: cmursaloglu@isyatirim.com.tr

OZAN ALTAN **MANAGER**

Academic Degree: Master's

Type of Capital Market Activity

License: Advanced Level - Corporate

Governance Rating - Derivatives -

Credit Rating

Tel: +90 212-350 28 72

Fax: +90 212-350 28 73

Email: oaltan@isyatirim.com.tr

ALPER ALKAN, CFA **SENIOR ASSOCIATE**

Academic Degree: Master's

Type of Capital Market Activity

License: Advanced Level - Corporate

Governance Rating - Derivatives

Tel: +90 212-350 25 22

Fax: +90 212-350 25 23

Email: aalkan@isyatirim.com.tr

Pursuant to Article 11 (2) of the CMB Communiqué No. II-17.1 on Corporate Governance, contact information for Investor Relations was submitted to the Public Disclosure Platform (in Turkish: KAP) on 05 March 2014.

Exercise of Shareholders' Right to Obtain Information

At IS Investment, all shareholders are treated equally. The Investor Relations Department spends efforts to facilitate the protection and exercise of shareholder rights with a particular focus on the right to obtain and review information.

Queries received from investors during the reporting period have been responded to within the shortest time possible and in the most accurate manner within the scope of the IS Investment Information Policy, which is made public on our website. Due care was paid to guarantee that the disclosed information did not contain any inside information.

The electronic environment is efficiently used in relation to events with a potential impact on the exercise of shareholding rights. Material event statements and other notices announced via the Public Disclosure Platform (in Turkish: KAP) managed by MKK are also posted on IS Investment website the same day such disclosures are made. In general, any changes in the Company's organization are forthwith announced on the corporate website, and investor presentations are updated each quarter. Additionally, IS Investment's stock performance, capital increase and dividend payment information are also made available on our corporate website for the information of investors. Furthermore, information is provided about the shareholder attendance in the General Meeting of Shareholders and principles of electronic general meetings under the new Turkish Commercial Code.

Our investors, whose contact information was available, were informed by email about major topics covered in material event statements and other notices, and press bulletins were sent to leading media organizations. There are no implementations in the Company that would complicate shareholders' right to obtain and review information; to the contrary, best efforts are spent to facilitate the exercise of such rights.

Since the new Turkish Commercial Code explicitly addresses the matter of requesting the appointment of a special auditor, this request was not stipulated

in our Articles of Association. The Company did not receive any request for the appointment of a special auditor during the reporting period.

General Meeting of Shareholders

IS Investment held its Ordinary General Meeting of Shareholders for 2014 fiscal year on 24 March 2015. Invitation for the General Meeting including the meeting date and agenda was published on 20 February 2015 within due time as defined in the applicable legislation and the CMB Corporate Governance Principles, on the Public Disclosure Platform (KAP), the corporate website, Electronic General Meeting System (e-GEM) of the Central Registry Agency (in Turkish: MKK) on 23 February 2015 and in the Turkish Trade Registry Gazette issue 8766 dated 25 February 2015, and was also sent by post to registered shareholders. In addition, the invitation and related notices in English were also sent by email to our foreign shareholders whose contact information was known to us.

Based on the examination of the list of attendees at the Ordinary General Meeting, it was established that out of the Company's shares with a total nominal value of TL 332,000,000, TL 150,000 of which are Class A and TL 331,850,000 are Class B, Class A shares with a nominal value of TL 150,000 and Class B shares with a total nominal value of TL 253,479,702.78, of which TL 18,945,036.94 has been deposited, were represented by proxy and thus the meeting quorum stipulated by the law and the Articles of Association was achieved.

The invitation, agenda, sample proxy form and minutes for the General Meetings were published on KAP and were made constantly available for the information of shareholders and stakeholders on our Turkish and English websites. Furthermore, résumés of

individuals nominated for independent membership seats on the Board of Directors were posted on the corporate website. Since no questions were raised during the General Meeting, a public disclosure was not made on the questions raised and answers provided in the General Meeting.

Due care is taken for holding the General Meetings in a manner that will not lead to inequality among shareholders and that will allow the minimum cost possible for shareholders' participation so as to encourage participation in these meetings. General Meetings are held in Istanbul where the Company's head office is located as set out in our Articles of Association. Istanbul is also the city where shareholders are concentrated in proportional terms.

The meeting chair pays attention to communicate the topics in the agenda impartially, clearly, intelligibly and in detail at the General Meeting. Shareholders are offered the chance to voice their opinions and direct their questions at equal conditions. The meeting chair provides that every question directed by shareholders at the General Meeting, which does not constitute a trade secret, is directly answered during the General Meeting. If the question asked is irrelevant to the agenda or is too comprehensive to be answered instantly, it is responded to in writing by the Investor Relations Department within 30 days the latest. Within this frame, Board of Directors members, relevant senior executives and the investor relations manager, officials responsible for the preparation of financial statements, and auditors attend the General Meeting to provide necessary information and respond to questions about specific topics.

Having been applied for the third time, the electronic general meeting process was successfully carried out in parallel with the physical General Meeting.

Shareholders did not suggest any agenda items for the General Meeting, nor were any questions posed during the Meeting. Moreover, since no decisions requiring the affirmative votes of the majority of independent members were passed during the reporting period, no subjects were incorporated in the General Meeting agenda.

During the General Meeting, information was provided on the grants and donations made during the reporting period under a dedicated agenda item. Nobody took the floor in the petitions and suggestions section, which was another dedicated item. Stakeholders such as appraisers and independent auditors take part in our General Meetings as observers.

Those with administrative responsibility and shareholders having control over management did not engage in any transactions with our Company or its subsidiaries which might lead to a conflict of interest; and furthermore, our Company and/or its subsidiaries did not conduct a transaction of commercial business nature falling under their field of activity on behalf of themselves or others, nor did they participate in another company engaged in the same kind of commercial affairs in the capacity of unlimited partners.

Voting Rights and Minority Rights

Voting rights do not incorporate any privileges. However, holders of Class A shares enjoy privileges solely with respect to the election of members of the Board of Directors. Six Board members are nominated by Class A shareholders, and three by Class B shareholders. There are no companies with which IS Investment has cross shareholding interests. Minority shareholders did not nominate any members for the Board of Directors. The Articles of Association do not stipulate minority rights to be less than one twentieth of the capital.

Subsidiaries		
Company Name	Capital of Subsidiary	Share Held in the Capital of Subsidiary
Maxis Investments Ltd.	GBP 5,500,000	100.0%
IS Investments Gulf Ltd.*	USD 1,000,000	100.0%
Efes Varlık Yönetim A.Ş.	TL 20,000,000	74.0%
İş Portföy Yönetimi A.Ş.	TL 65,000,000	70.0%
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	TL 74,652,480	29.0%
İş Yatırım Ortaklığı A.Ş.	TL 160,559,284	28.9%

* Corporate operations have been terminated ipso facto as of 30 October 2015. The liquidation process is still under way.

Entitlement to Dividends, Dividend Distribution Policy and Timing

There are no founders' dividend shares, nor any shares enjoy any privileges with respect to getting share from profit. IS Investment Dividend Distribution Policy was presented for the information of shareholders at the first General Meeting that was convened as a publicly held company on 28 April 2008. Updated within the frame of applicable legislation, our dividend policy was approved at the General Meeting convened on 25 March 2014. Our Dividend Distribution Policy is constantly made public on our Turkish and English websites (www.isyatirim.com.tr/www.isinvestment.com) and by way of our interim activity reports.

Ever since the IPO, IS Investment has distributed dividends in accordance with its dividend distribution policy.

Distribution of profit is finally decided by the General Assembly in line with the Board of Directors proposal, taking into consideration the provisions of the Turkish Commercial Code, the Capital Market Law and other legislation governing the Company.

It is prescribed to distribute at least 30% of the distributable profit in cash and/or in the form of bonus shares, while the Board of Directors, aiming to secure a high dividend income to its shareholders being a publicly held company, as well as to expand the

Company's business lines and service range, takes into account the below considerations within the frame of applicable legislation:

- Preserving the delicate balance between the expectations of shareholders and the Company's need to grow,
- Absence of any adverse economic conditions in the world and in the country; maintenance of the Company's financial structure and the capital adequacy ratios at the required levels; and the overall profitability of the Company.

Within the framework of the capital market legislation, the Company may pay advances on cash dividends, provided that the Board of Directors shall have been duly authorized by the General Assembly, restricted with the relevant fiscal period.

If the General Assembly passes a decision to distribute profit, then cash dividend payout will occur by no later than the end of the second month following the date of the General Meeting in which the profit distribution decision is made. Dividend distribution in the form of bonus shares will take place upon receipt of legal permissions. No dividends may be paid to the members of the Board of Directors and the Company employees until and unless the cash dividend determined for shareholders by the General Assembly decision has been paid out.

If profit distribution will not be made, the grounds therefor and the purpose for which undistributed profit will be used will be publicly disclosed.

On 26 March 2015, IS Investment paid out cash dividends in the amount of TL 47,000,000.00 out of the 2014 profit, corresponding to 77.5% of the distributable profit in accordance with its dividend policy. In addition, TL 23,000,000 - 37.9% of the profit distributed as stock dividends on 8 June 2015 via a capital increase through bonus issues. As a result, 115.4% of the total distributable profit of 2014 was distributed to our shareholders.

Transfer of Shares

The Articles of Association set forth that there are no restrictions on transfer of shares within the frame of requirements stipulated by the capital market legislation.

PART II - PUBLIC DISCLOSURE AND TRANSPARENCY

Company Information Policy

IS Investment Information Policy has been approved by the Board of Directors on 17 May 2007, even before the commencement of trading of Company shares on the stock exchange, and publicly disclosed on our corporate website; later, it was adapted to conform to the principles stipulated in the CMB Communiqué on the Principles of Public Disclosure of Material Events that went into force on 6 February 2009.

IS Investment's Information Policy has been presented for the information of shareholders at the first General Meeting held following the Company's IPO. The Information Policy was also incorporated in annual and interim reports. The Information Policy is permanently posted on the Company's Turkish and English websites (www.isyatirim.com.tr/ www.isinvestment.com).

The Board of Directors is authorized and responsible for fulfilling the public disclosure obligation and for monitoring, supervising and improving the Information Policy at IS Investment. The employees, whose contact details are provided under the heading "Investor Relations Department," are charged with the coordination of Information Policy. These individuals work in close collaboration with the Corporate Governance Committee in the performance of these responsibilities.

Information Policy Outline

IS Investment observes Corporate Governance Principles in the disclosure and provision of information, apart from inside information, regarding developments with a potential impact on the investment decisions of investors and the value of capital market instruments traded on the stock exchange, within the frame of the Capital Market Law, the Turkish Commercial Code and applicable legislation in particular.

Having espoused a proactive approach to adoption and implementation of Corporate Governance Principles, IS Investment uses its best endeavor to introduce international best corporate governance principles in public disclosure and information.

The complete Information Policy document is accessible on the website www.isyatirim.com.tr.

Company Website and Its Contents

IS Investment's websites, offering content in Turkish and English, are accessible at the addresses www.isyatirim.com.tr and www.isinvestment.com. Both websites are actively used for public disclosure purposes and information posted on these websites is constantly updated. This information is identical to the disclosures made as per the provisions of applicable legislation.

Up-to-date information on the following topics, which are specified in the relevant section of the CMB Corporate Governance Principles, is constantly made available

to shareholders and stakeholders under the headings “Yatırımcı İlişkileri/Investor Relations” of our websites offering the content in Turkish and English:

- Vision, Mission and Corporate Values
- Trade Registry Information
- Shareholding Structure and Subsidiaries
- Articles of Association
- Board of Directors and Executives
- Independent Member – Declaration of Interest
- Operating Principles of the Board of Directors
- Organizational Structure
- Rating Reports
- Research Reports about IS Investment (ISMEN)
- List of Analysts
- Press Releases
- Frequently Asked Questions
- RSS
- Corporate Film (English)
- We Need Your Feedback
- Useful Links
- Corporate Governance Principles Compliance Report
- IS Investment Policy on Combatting Laundering Proceeds of Crime and Terrorism Financing
- Dividend Distribution Policy
- Ethical Principles
- Risk Management
- Information Policy
- Social Responsibility Policy
- Remuneration Policy
- Investor Relations Contact Details
- IPO Prospectus and Circular
- Registration Statement and Issue Document for Debt Instruments

- Financial Statements and Independent Auditor’s Reports
- IS Investment and Camış Menkul Merger Agreement & Announcement Text & Financial Statements
- Investor Presentations-Presentation Podcasts
- Annual Reports
- General Meeting Internal Guidelines
- General Meeting Invitation
- General Meeting Agenda
- Power of Attorney
- Meeting Minutes
- List of Attendees
- Stock Performance
- Information on Privileged Shares
- Dividend Payments
- Capital Increases
- Historical Price
- Calculator
- Material Event Statements
- Contact

Annual Report

Our annual reports contain information specified in applicable legislation and the CMB Corporate Governance Principles.

Disclosure of Ultimate Non-Corporate Controlling Shareholder(s)

There are no ultimate no corporate controlling shareholders at IS Investment. The shareholding structure of IS Investment has been publicly disclosed and made available on the corporate website for the information of shareholders and stakeholders.

Corporate and Non-Corporate Shareholders Owning Capital Directly and Indirectly – Most Recent Structure

Company Name/ Name & Surname	Share in Capital (TL)	Share in Capital (%)
İşbank Personnel Supplementary Pension Fund	95,121,226	26.8
Republican People’s Party (CHP)	66,561,454	18.7
Total	161,682,680	45.5

PART III - STAKEHOLDERS

Keeping Stakeholders Informed

IS Investment keeps its stakeholders that span over a broad range from employees to potential investors, analysts to media companies on subjects that concern them in the shortest time possible and in the most accurate manner.

Material event statements about IS Investment, which are disclosed via KAP, are also posted on the corporate Turkish and English websites on the same day and presented for the information of stakeholders. Furthermore, press releases are sent to media companies following material event statements about topics that are considered to draw interest from the public.

Stakeholders are adequately informed about corporate policies and business processes and they can also make use of direct communication channels accessible on our website, while our customers can contact the investment advisors assigned to them or any other direct/indirect method of their choice to convey their complaints and feedbacks to our Company/management bodies. In addition, our ethical principles, and our policies to combat laundering proceeds of crime and financing of terrorism are constantly published both on the corporate website and on the Intranet.

Complaints so received by the Company are reviewed by the authorized units in chronological order and then submitted for consideration to the Audit Committee or the Corporate Governance Committee depending on the content of the subject and the respective area of responsibility.

Stakeholder Participation in Management

The Articles of Association stipulate that stakeholders are entitled to invite the Board of Directors to hold a meeting by means of communicating this request to the Chairman of the Board, and that the Chairman may put up the topic subject to invitation for discussion at the next Board meeting if the Chairman decides that an immediate meeting is not necessary. This method has served to establish a mechanism by which the Board of Directors and the related committee can follow up important feedbacks and complaints from stakeholders. During the reporting period, the Board of Directors did not receive any invitations for meeting.

Furthermore, our employees' opinions are directly sought in matters of general concern, thus, enabling direct participation of the employees in certain decisions to be adopted.

The above-mentioned right provides IS Investment employees, who hold a very special place among stakeholders, with the means by which to communicate their opinions and suggestions concerning Company management through both the Human Resources Department and their own managers.

Human Resources Policy

IS Investment's Human Resources policy is publicly disclosed via the corporate website and annual reports.

IS Investment Human Resources Policy embraces the principles of commitment to ethical values, continuous development and customer-focused approach. Providing equal opportunities to candidates in equal conditions is a key principle adopted in the creation of the recruitment policy and making of career planning. A promotion entails

increased authority, responsibility and salary. It is essential to possess various qualities such as the necessary knowledge and experience required by the job description in order to advance to a higher position. The employee performance is the key criteria in promotions.

The Company's principal training policy is to contribute to the professional and personal development of employees at IS Investment and to offer equal opportunities to employees in this sense. In order to contribute to their professional and personal development, our employees were provided with the chance to attend domestic and overseas training programs organized in 2015 in parallel with the Company's management strategies. The Company had 399 employees on its payroll during the reporting period.

Job descriptions and performance and rewarding criteria for employees are determined and announced to employees by managers. The Company's performance appraisal system is an integrated system that addresses objectives and competencies together. Performance review is based on objective analyses and syntheses, designed to determine the extent at which employees meet job requirements and qualifications, as well as their success on the job. IS Investment has documented job descriptions for positions and activities, and performance and rewarding criteria guidelines, and communicated them to the employees.

The Company adopts measures to prevent any discrimination among employees based on religion, language, race and gender; to ensure that human rights are respected and to protect employees against any physical,

psychological and emotional abuse in the Company. No complaints concerning these subjects have been received from the employees.

A special representative has not been appointed to handle relations between the Company and the employees. Every employee has access to means of communicating their wishes, complaints and feedbacks via the unit managers, as well as the Human Resources Department and the Board of Internal Auditors.

In order to closely monitor and respond to the needs and expectations of employees, the Company formed an Authorization Board, whose members consist of employer and employee representatives.

During 2014 and 2015, occupational health and safety training was given to our employees for raising an increased awareness of safety among our employees; in addition, occupational health and safety implementation guidelines were communicated in writing to our employees.

Salaries of IS Investment employees are determined according to prevailing conditions, taking into consideration the individual's qualifications such as education and experience, position and title and the Company's remuneration principles within the frame of the Remuneration Policy. Salaries are paid in cash in the bank account of each employee at the end of every month.

IS Investment's Remuneration Policy in effect has been approved by the Board of Directors and presented for the information of shareholders at the first General Meeting held.

Our employees were trained on occupational health and safety and provided with clear internal guidelines and regulations in writing.

Remuneration Policy Outline

Fixed payments are cash payments in fixed amounts made regularly and continually at certain times during the year, irrespective of performance. Such fees are determined in view of the Company's financial status and are basically paid to all employees according to merit, tenure, position and the nature of the job performed.

Essentially, fixed payments payable to Board of Directors members, senior executives and employees must be aligned with the Company's ethical principles, internal balances and strategic goals, and must not be linked to short-term performance. Variable payments are all sorts of cash and non-cash payments other than fixed payments, such as performance-based incentives and bonuses. Performance-based payments are paid to certain employees only, in view of the Company's performance and the contributions of the relevant unit and employee.

Variable payments are determined taking into consideration existing and potential risks, capital and liquidity status, and the probability and timing of realization of planned future revenues, and in a manner that will not weaken the Company's shareholders' equity. Variable payments are based on the Company's financial and operational performance. Performance based incentive payments, whose amounts are not guaranteed beforehand, are determined paying regard to the maturity of risks undertaken and in a manner to contribute positively to the Company's corporate values. They are based on clearly defined, intelligible,

measurable and objective conditions and announced to all employees, and the predefined criteria are regularly reviewed. If financial data like profit and revenues are used in the creation of performance criteria, then necessary measures are taken to make sure that these data present a true and fair view in terms of risks and costs.

The full text of the Remuneration Policy is posted on the corporate website accessible at www.isyatirim.com.tr.

Relations with Customers and Suppliers

IS Investment delivers its capital market services to investors within the frame of ethical values and based on a customer-focused approach to investment banking. Along this line, it is targeted to analyze evolving customer demands and changing market conditions so as to identify needs, and to develop products and services that will best meet these needs. Keeping customer secrets in confidence within the frame of legislation is a much-valued corporate value.

Relations with customers are handled through investment advisors; the objective of all investment advisors is to invest assets in the investment instruments that best fit the respective customer's risk versus return expectations. Customers of IS Investment can convey any requests and expectations they may have to investment advisors assigned to them.

Due to the nature of its business activity, IS Investment does not have any suppliers.

Ethical Rules and Social Responsibility

For the purposes of increasing social and economic benefit, protecting and furthering the prestige of the brokerage profession, and preventing unfair competition, IS Investment has

provided its ethical rules in writing to its employees, which have been formulated by the Board of Directors in parallel with the Turkish Capital Markets Association regulations, as well as legal and administrative arrangements. The most recent update to our Ethical Rules was made on 15 December 2014 and was made available in writing for the information of the employees.

IS Investment ethical rules are also disclosed to the public on the corporate website within the frame of IS Investment Information Policy (www.isyatirim.com.tr).

Having spearheaded not only economic development but also the furtherance of social life ever since its establishment, our founder and principal shareholder İşbank sustains its support to activities in environment, education, culture, arts and other fields based on a deep-seated commitment to social responsibility.

Recognizing its social responsibility toward the society with all its employees, IS Investment aims to realize sustainable projects about topics falling under its social responsibility areas in accordance with legal regulations and ethical values. The Company may realize this target either by self-designed projects and/ or by extending support to projects developed by İşbank.

IS Investment continued its work to advance financial literacy and share fundamental information on the dynamics of capital markets through cooperation with Turkey's leading universities in 2014 and 2015, an effort that initially started in 2013. For this

purpose, the Company executed the TradeMaster Campus project at the following universities: Middle East Technical University, Bilkent University, Gazi University, İzmir University of Economics, Yaşar University, Istanbul University, Istanbul Kemerburgaz University, Istanbul Kültür University, Istanbul Bilgi University, Marmara University, and Manisa Celal Bayar University.

As will be communicated to the General Assembly, our Company donated a total of TL 22,550.00 to educational institutions, associations and foundations in 2015. The Company's donation policy has been documented in writing.

IS Investment's activities constitute no contradictions to the environmental legislation and the Company has not faced any legal sanctions in this department.

In 2015, for the third time in a row, IS Investment received the ETİKA business ethics award.

PART IV - BOARD OF DIRECTORS

Structure and Formation of the Board of Directors

In the performance of its activities, the Board of Directors adheres to the principles of transparency, accountability, fairness and responsibility. The distribution of tasks between the members of the Board of Directors are presented for the information of shareholders and stakeholders on the Public Disclosure Platform (KAP), corporate website and in annual reports.

The Board of Directors leads the maintenance of effective communication between the Company and shareholders, elimination and resolution of any possible conflicts,

Name	Position	Profession	Positions Held in the Company in the Past 5 Years	Latest External Positions Held	Shareholding in the Company (%)	Share Class Represented	Independent Board Member or Not	Committees Served in and Duties
İlhami Koç	Chairman	Banker	Chairman, General Manager	T. İş Bankası A.Ş. Deputy Chief Executive	-	-	Non-Independent Member	-
Feray Demir	Vice Chairwoman	Banker	Member	T. İş Bankası A.Ş. İstanbul Corporate Branch Manager	-	-	Non-Independent Member	-
İşıl Dadaylı	Member	Banker	Member	T. İş Bankası A.Ş. Private Banking Marketing & Sales Department - Department Head	-	-	Non-Independent Member	-
Mete Uğurlu	Member	Finance Professional	Member	-	-	-	Non-Independent Member	-
Özgür Temel	Member	Banker	Member	T. İş Bankası A.Ş. Capital Markets Department - Department Head	-	-	Non-Independent Member	-
Sezai Sevgin	Member	Banker	Member	Bayındır Sağlık Group General Manager	-	-	Non-Independent Member	-
Volkan Kublay	Member	Banker	Member	T. İş Bankası A.Ş. Subsidiaries - Capital Market Department Head	-	-	Independent Member	Corporate Governance Committee Member, Risk Committee Member
Behzat Yıldırım	Member	Banker	Member	-	-	-	Independent Member	Audit Committee Head, Corporate Governance Committee Head, Risk Committee Head
Refet Soykan Gürkaynak	Member	Academic	-	Bilkent University Economics Department Head	-	-	Independent Member	Audit Committee Member

and coordinates the activities of the Investor Relations Department via the corporate Governance Committee for this purpose.

Members of the Board of Directors who were elected to their posts at the Ordinary General Assembly held on 24 March 2015 are to remain in their positions until the next Ordinary General Assembly.

Board members do not have any executive duties at IS Investment. The General Manager is the head of execution.

The qualifications required of independent Board members are set out in the Corporate Governance Communiqué. The independence oaths of IS Investment's Independent Members of the Board of Directors can be found on the Company's website or in the annual activity reports.

The Articles of Association stipulates that the General Manager may not serve as the Chairman of the Board at the same time.

The ratio of women members on our Board of Directors over the last five years has averaged 40%, above the minimum requirement of 25% as set out in our corporate governance principles. Currently, the female ratio on the Board stands at 22%. The five-year average gender distribution on our Board of Directors is a clear indicator of our Company's commitment to gender equality.

Assumption of duties by the members of the Board of Directors outside IS Investment is subject to general provisions. However, the Articles of Association stipulates that the Board members may not seek the approval of the General Assembly to be exempted from the prohibition of doing business and/ or competing with IS Investment.



İlhami Koç
Chairman

İlhami Koç received his degree in political sciences from Ankara University in 1986. The same year, he joined İşbank on the Board of Inspectors, where he took on inspection and investigation functions. In October 1994, he was appointed as an assistant manager to the Securities Division. He became a Unit Manager responsible for Asset Management and International Capital Markets at İş Yatırım Menkul Değerler A.Ş. in 1997, where he was promoted to Deputy Chief Executive in 1999, in which position he was responsible for corporate finance, research, domestic and international capital markets. He was named Chief Executive Officer at İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. in 2001 and almost one year later, he was appointed as Chief Executive Officer at İş Yatırım Menkul Değerler A.Ş. He left his position as CEO due to his position at İşbank on 30 January 2013 and was elected the Chairman of the Board of Directors of IS Investment on 31 January 2013.



Feray Demir
Vice Chairwoman

Feray Demir received her degree in business administration from Anadolu University in 1987. She started her career at İşbank Sefaköy branch in 1988, and was appointed as an assistant manager at Commercial Loans Department in 1999. She functioned as assistant manager in the Corporate Marketing Department from 2003 to 2005, and Güneşli Branch Manager from 2005 to 2007. Appointed as Manager of Commercial Banking Sales Division in 2007, Feray Demir currently serves as İşbank's Istanbul Corporate Branch Manager. Having held a seat in tandem as a member on the Board of Directors of IS Investment since 2010, Ms. Demir has been working as Vice Chairwoman of the Board of Directors since November 2013.



İşıl Dadaylı
Member

İşıl Dadaylı got her degree in economics (in English) from the Faculty of Economics at Istanbul University in 1991. The same year, she joined İş Bank Asset Management Division as an assistant specialist trainee. She resigned from her position at the Bank in 1995, and worked as a marketing specialist for Reuters Enformasyon Ltd. Şti. for two years. Having returned to her assistant specialist position at İşbank Asset Management Division in 1999, Ms. Dadaylı became an assistant manager in the same Division in 2004. She became a group head in the Capital Markets Division in 2007. After her appointment as a unit manager to the Treasury Division in 2008, she was named head of the Private Banking Marketing and Sales Division of İşbank in 2011. İşıl Dadaylı was appointed as a Member of the Board of Directors at İş Yatırım Menkul Değerler A.Ş. in April 2013.



Mete Uğurlu

Member

Mete Uğurlu received his degree in business administration from the Middle East Technical University, Faculty of Administrative Sciences. He began his career at İşbank in 1978 as an assistant specialist where he worked as a manager in various divisions. After serving as a Section Head in the Organization Department from 1996 until 2002, Mr. Uğurlu was appointed as a Deputy Chief Executive Officer at İşbank in 2002. He represented İşbank as a Board Director at Anadolu Sigorta (1991-2002), as the Chairman of the Board at İş Kültür Yayınları (2002- 2003) and at İş Girişim Sermayesi (2003-2006). While serving as the CEO of Anadolu Hayat Emeklilik from 2006 until 2014, Mr. Uğurlu also functioned on the boards of directors and committees of two industrial associations, i.e. the Insurance Association of Turkey, and the Pension Monitoring Center. Having retired as of 30 June 2014, Mr. Uğurlu was appointed as a member of the Board of Directors of IS Investment in July 2014.



Özgür Temel

Member

Özgür Temel received his bachelor's degree in business administration from Hacettepe University and his master's degree in international banking and finance from the University of Birmingham. He started working for İşbank in 1994 as an assistant loans specialist in the Beyazıt Branch. He joined the Board of Inspectors in 1995 and was appointed as an assistant manager in the Capital Markets Division in 2003. Following his posts as assistant manager of İzmir Branch in 2005, and assistant manager of the Aegean Corporate Branch in 2006, he was assigned to the Capital Markets Division as unit manager in 2008 and as division manager in 2013. Özgür Temel was appointed as a Member of the Board of Directors at İş Yatırım Menkul Değerler A.Ş. in April 2013.



Sezai Sevgin

Member

Sezai Sevgin received a degree from Marmara University, Faculty of Economics and Administrative Sciences in 1990. The same year, he joined İşbank as a trainee inspector on the Board of Inspectors. He was assigned to İşbank AG in 1997, and in 1998, he was appointed as assistant manager of the Paris branch in the establishment of which he was involved. Promoted to manager of the same branch in 2002, he was appointed as group manager of İşbank's Corporate Marketing Department in 2004. He was appointed Marketing Director of Commercial Banking in 2007. Sezai Sevgin, who was appointed Director of the Gebze Corporate branch, served as Director of the Maslak Corporate branch between 2013 and 2015; subsequently, he was appointed Managing Director at Bayındır Health Group. Mr. Sevgin was appointed as a Member the Board of Directors at İş Yatırım Menkul Değerler A.Ş. in March 2014.



Volkan Kublay
Member

Volkan Kublay got his degree in economics (in English) from the Faculty of Economics and Administrative Sciences at Marmara University in 1998. He joined İşbank in 2000 as an assistant inspector trainee and was appointed as assistant manager at the Subsidiaries Division in 2008. Having held seats as a member on the Boards of Directors of various group companies, Mr. Kublay was brought to the position of Unit Manager of Subsidiaries Division Capital Market Unit in 2012, following his post where he dealt with banking and financial services subsidiaries. In August 2012, Mr. Kublay was appointed as a member of the Board of Directors of IS Investment where he also serves as a member on the Corporate Governance Committee and Risk Committee.



Behzat Yıldırım
Member - Independent

Behzat Yıldırım received his degree in business administration from the Faculty of Economic and Administrative Sciences at the Middle East Technical University in 1979. Following graduation, he started his professional life as an inspector at Halkbank. He held managerial positions at Dışbank from 1983 until 1991. Having functioned as the General Manager for Turkish capital markets in Genoa within the scope of investment banking operations from 1995 to 1998, he then held seats as a member on the Boards of Directors of various companies, in tandem with advisory services provided to companies engaged in the financial services sector. Behzat Yılmaz was a part-time faculty member in a private university from 2001 until 2003. He was an advisor to an investment fund based in Basel in 2009. Serving as an independent member on IS Investment's Board of Directors since 9 May 2012, Mr. Yıldırım is the head of the Audit Committee, Corporate Governance Committee and Risk Committee.



Prof. Dr. Refet Soykan
Gürkaynak
Member - Independent

Mr. Gürkaynak obtained a BA in Economics from Bilkent University; subsequently, he completed his MA in Economics at Princeton University in 2001 on a merit scholarship and received his PhD in 2004 from the same institution. Mr. Gürkaynak took on instructional roles at Princeton University between 1998 and 2001; worked as assistant professor at Bilkent University in Economics from 2005 to 2010; served as visiting associate professor at Massachusetts Institute of Technology between 2011 and 2012; and currently serves as Chair of Bilkent University's Economics Department. Mr. Gürkaynak's articles on stock quotations' informational content, the interaction between financial markets and macroeconomics, and on economic growth have been published in international journals. Over the years, Mr. Gürkaynak's work has been recognized with a number of prestigious prizes from various institutions. Having previously served as a consultant for the Turkish Central Bank and the European Central Bank, Mr. Gürkaynak also works as editor for and is a member of renowned international academic journals, including the Center for Economic Policy Research and the Center for Financial Studies. Mr. Gürkaynak has served as an Independent Member of the Board of Directors at IS Investment since 24 March 2015; he is also tasked with the role of Committee Member responsible for monitoring.

DECLARATION OF INTEREST

To the Board of Directors of İş Yatırım Menkul Değerler A.Ş.:

I hereby declare the following for the purpose of my candidacy for taking on the position of Independent Member of the Board of Directors during the Ordinary General Assembly of IS Investment ("Company") on 24 March 2015:

- I, my wife or any other relatives of second degree kinship or affinity by marriage have not had any employment relationship with or have not taken on any important positions/ functions in the Company's management or in the management of important company partners/shareholders or other legal persons these partners/shareholders control within the last five years. I, my wife or any other relative of second degree kinship or affinity by marriage have also not owned or co-owned more than 5% of the capital, voting rights or privileged shares of the entities listed above in the last five years and they have not entered into any commercial relationship of a significant nature with these entities.
- I have not owned more than 5% of the shares or have not taken up any important management functions or responsibilities in the following associated companies in the last five years when a sale/purchase relationship was in effect: companies that undertake the Company's monitoring, rating and consultancy; other companies from which the Company purchases important goods or services and also sells to in the framework of signed contracts.
- I have the necessary professional education, knowledge and experience to successfully undertake the tasks assigned to the Independent Board Member position.
- In case I am elected as an Independent Board Member I will not work in any other full time position in public institutions. This excludes my current position as lecturer at my university.
- According to the Income Tax Law, I am officially registered in Turkey.
- I will respect the highest ethical standards in my position, will do my best to uphold a professional reputation and do have the necessary experience to positively contribute to the Company's undertakings. I will take an impartial position in case conflicts of interest between the Company and shareholders should arise and will freely decide on all matters by always committing myself to protecting the rights of shareholders to the best of my ability.
- I will allocate sufficient time to the work that needs to be undertaken for the Company, such as closely following the Company's activities and fulfilling all duties assigned to me in full capacity.
- I have not been a member of the Board of Directors of the Company for longer than six years in the last ten years.
- I have not served as an Independent Board Member at more than three of the companies in which the Company or the Company's partners/shareholders have management functions. I have also not served as an Independent Board Member at more than five publicly-traded companies in Turkey thus far.
- I have not been announced or registered in the name of any legal person elected as a Board Member.

Yours sincerely,



Behzat Yıldırım

DECLARATION OF INTEREST

To the Board of Directors of İş Yatırım Menkul Değerler A.Ş.:

I hereby declare the following for the purpose of my candidacy for taking on the position of Independent Member of the Board of Directors during the Ordinary General Assembly of IS Investment ("Company") on 24 March 2015:

- I, my wife or any other relatives of second degree kinship or affinity by marriage have not had any employment relationship with or have not taken on any important positions/ functions in the Company's management or in the management of important company partners/shareholders or other legal persons these partners/shareholders control within the last five years. I, my wife or any other relative of second degree kinship or affinity by marriage have also not owned or co-owned more than 5% of the capital, voting rights or privileged shares of the entities listed above in the last five years and they have not entered into any commercial relationship of a significant nature with these entities.
- I have not owned more than 5% of the shares or have not taken up any important management functions or responsibilities in the following associated companies in the last five years when a sale/purchase relationship was in effect: companies that undertake the Company's monitoring, rating and consultancy; other companies from which the Company purchases important goods or services and also sells to in the framework of signed contracts.
- I have the necessary professional education, knowledge and experience to successfully undertake the tasks assigned to the Independent Board Member position.
- In case I am elected as an Independent Board Member I will not work in any other full time position in public institutions. This excludes my current position as lecturer at my university.
- According to the Income Tax Law, I am officially registered in Turkey.
- I will respect the highest ethical standards in my position, will do my best to uphold a professional reputation and do have the necessary experience to positively contribute to the Company's undertakings. I will take an impartial position in case conflicts of interest between the Company and shareholders should arise and will freely decide on all matters by always committing myself to protecting the rights of shareholders to the best of my ability.
- I will allocate sufficient time to the work that needs to be undertaken for the Company, such as closely following the Company's activities and fulfilling all duties assigned to me in full capacity.
- I have not been a member of the Board of Directors of the Company for longer than six years in the last ten years.
- I have not served as an Independent Board Member at more than three of the companies in which the Company or the Company's partners/shareholders have management functions. I have also not served as an Independent Board Member at more than five publicly-traded companies in Turkey thus far.
- I have not been announced or registered in the name of any legal person elected as a Board Member.

Yours sincerely,



Refet Soykan Gürkaynak

Declarations of Interest by the independent members of the Board of Directors are also posted on our corporate website accessible at the address www.isyatirim.com.tr.

EXECUTIVE BOARD

Name	Position	Profession	Positions Held in the Company in the Past 5 Years	Latest External Positions Held
Ali Erdal Aral	General Manager	Finance Professional	General Manager	- Efes Varlık Yönetim A.Ş. Chairman of the Board of Directors - İş Girişim Sermayesi Yat. Ort. A.Ş. Member of the Board of Directors - IS Investments Gulf Ltd. Chairman of the Board of Directors - Maxis Investments Ltd. Member of the Board of Directors
Murat Kural	Assistant General Manager	Finance Professional	Assistant General Manager	-
Funda Çağlan Mursaloğlu	Assistant General Manager	Finance Professional	Assistant General Manager	-
Melih Murat Ertem	Assistant General Manager	Electrical and Electronics Engineer	Assistant General Manager	-
Zeynep Yeşim Karayel	Assistant General Manager	Finance Professional	Assistant General Manager	-
Rifat Cenk Aksoy	Assistant General Manager	Finance Professional	Assistant General Manager	- İş Yatırım Ortaklığı A.Ş. Deputy Chairman of the Board of Directors
Mehmet Yiğit Arıkök	Assistant General Manager	Finance Professional	Director	-

With the decision of our Board of Directors dated 16 April 2015, Mr. Mehmet Yiğit Arıkök was appointed Deputy Managing Director of our Company. Serving as an Assistant General Manager since 2003, Mr. Ufuk Ümit Onbaşı resigned from this position as of 29 May 2015.



Ali Erdal Aral - General Manager

Ali Erdal Aral received his bachelor's degree in economics (in English) from the Faculty of Economics and Administrative Sciences at Marmara University in 1989 and his master's degree in international banking from the Loughborough University of Technology. He joined İşbank in 1989 as an assistant inspector, where he subsequently served at various levels. He was appointed as assistant manager in the Treasury Division in 1997, and was promoted to unit manager in 2000 and division manager in 2002. He was appointed as the manager of Kozyatağı Corporate Branch in 2008. He became a deputy chief executive at İşbank on 13 April 2011. He was named the General Manager of IS Investment on 30 January 2013.



Murat Kural - Assistant General Manager

Murat Kural got his bachelor's degree in electronics and communication engineering from Istanbul Technical University in 1987 and his master's degree from the Institute of Business Administration at Bilkent University in 1989. He started working at the Prime Ministry Privatization Administration in 1990 and held his post until 1997 when he became the President of Treasury. The same year he transferred to the World Bank in the capacity of an advisor. In 1999, he joined IS Investment family as the Corporate Finance Manager, undersigning many public offering and privatization projects. Since 2002, he has been serving as our Assistant General Manager responsible for Public Offerings, Mergers and Acquisition, and coordination with our subsidiary İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. and our Dubai-based subsidiary IS Investment Gulf Ltd.



Funda Çağlan Mursaloloğlu - Assistant General Manager

Funda Çağlan Mursaloloğlu received her bachelor's degree from Boğaziçi University in 1996 and her master's degree from Yeditepe University in 1998. She began her professional career in the financial services sector in 1996. She joined IS Investment as International Sales Specialist in 1999. Responsible in her position for foreign institutional customers, she led the creation of the Foreign Sales Department, to which she was appointed as manager in 2005. Having been brought to the position of Assistant General Manager in October 2007, she currently serves as Assistant General Manager responsible for Investor Relations, Foreign Sales and Marketing, Foreign Sales - Fixed Income Security and Structured Products.



Melih Murat Ertem - Assistant General Manager

Melih Murat Ertem got his degree in electrical and electronics engineering from the Middle East Technical University in 1995. He started working at İşbank in the IT Department in 1996. He functioned as assistant manager in the IT Products and Services Management Division from 2005 to 2008, where he rose to unit manager in 2008 and as division manager from 2010 onwards. He was appointed as Assistant General Manager responsible for Information Technologies, Software Development and Project Management in November 2012.



Zeynep Yeşim Karayel - Assistant General Manager

Zeynep Yeşim Karayel got her degree in economics from Istanbul University in 1984. She began her professional life the same year in the Intelligence Department at İşbank, where she was appointed to the Securities Department as an assistant specialist in 1993. She was brought to the position of section head in the Corporate Finance Department of IS Investment in 1997. She was promoted to the position of assistant manager in 1999 and manager in 2002. In the meantime, she was in charge of numerous privatization advisory initiatives and public offering projects. Appointed as an Assistant General Manager in March 2013, Ms. Karayel is responsible for Financial Reporting and Other Support Services, coordination with our subsidiary Efes Varlık Yönetim A.Ş. and acting as the Rapporteur (to the Board of Directors).



Rifat Cenk Aksoy - Assistant General Manager

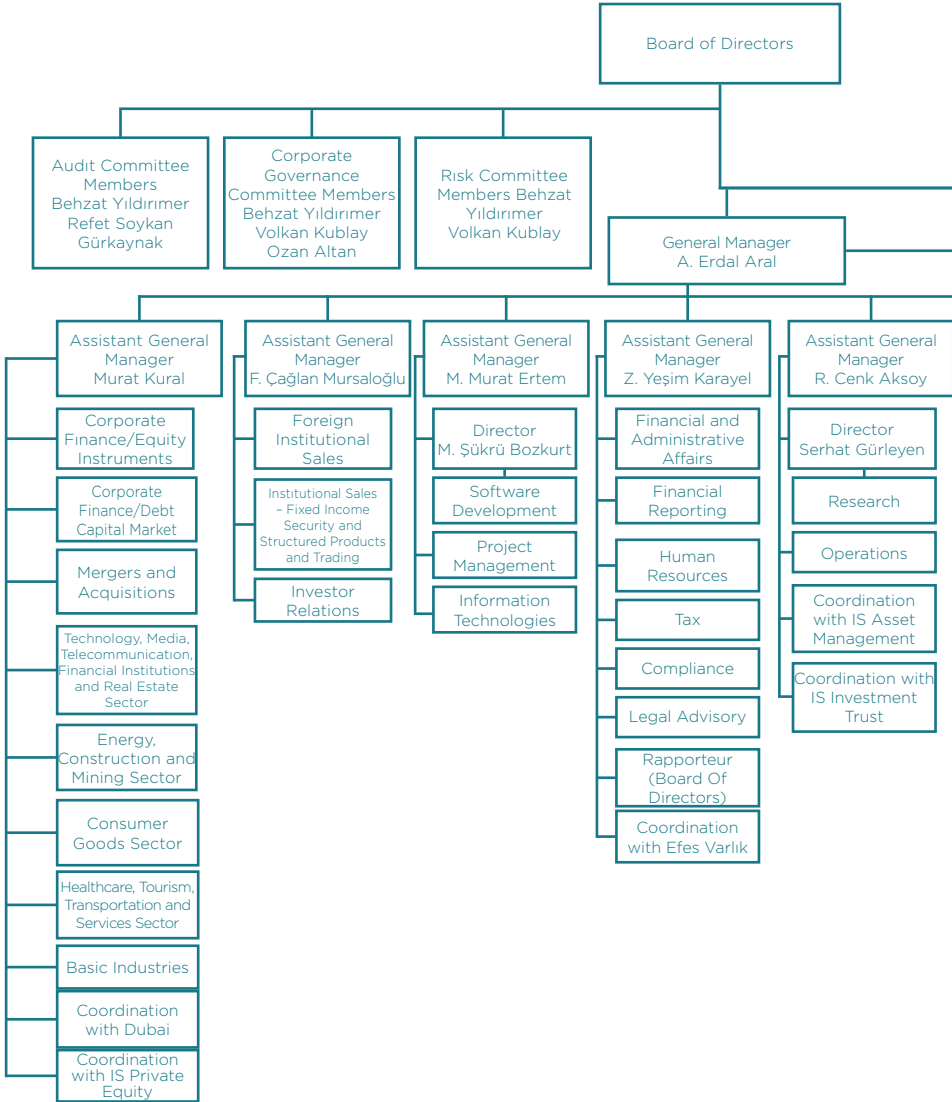
Rifat Cenk Aksoy received his degree in economics from the Faculty of Economics at Istanbul University in 1991. He joined İşbank as a specialist in the Securities Department, and transferred to IS Investment as Assistant General Manager of Treasury in 1997. From then on, he functioned in various positions at İşbank Group companies and was appointed to IS Asset Management, which was then newly established for the private pension system that was in the stage of being set up, as the Manager responsible for Portfolio Management in 2001, where he rose to the position of Executive Vice President in 2004. After dealing with mutual funds and pension funds that are referred to as collective investment enterprises for 10 years, he became the General Manager of Camış Menkul Değerler A.Ş. in September 2010. Mr. Aksoy, who was appointed İş Yatırım Menkul Değerler A.Ş.'s Assistant General Manager on 2 July 2014, is responsible for operations, research, and coordination of portfolio and investment partnerships with the Company's corporate partners.

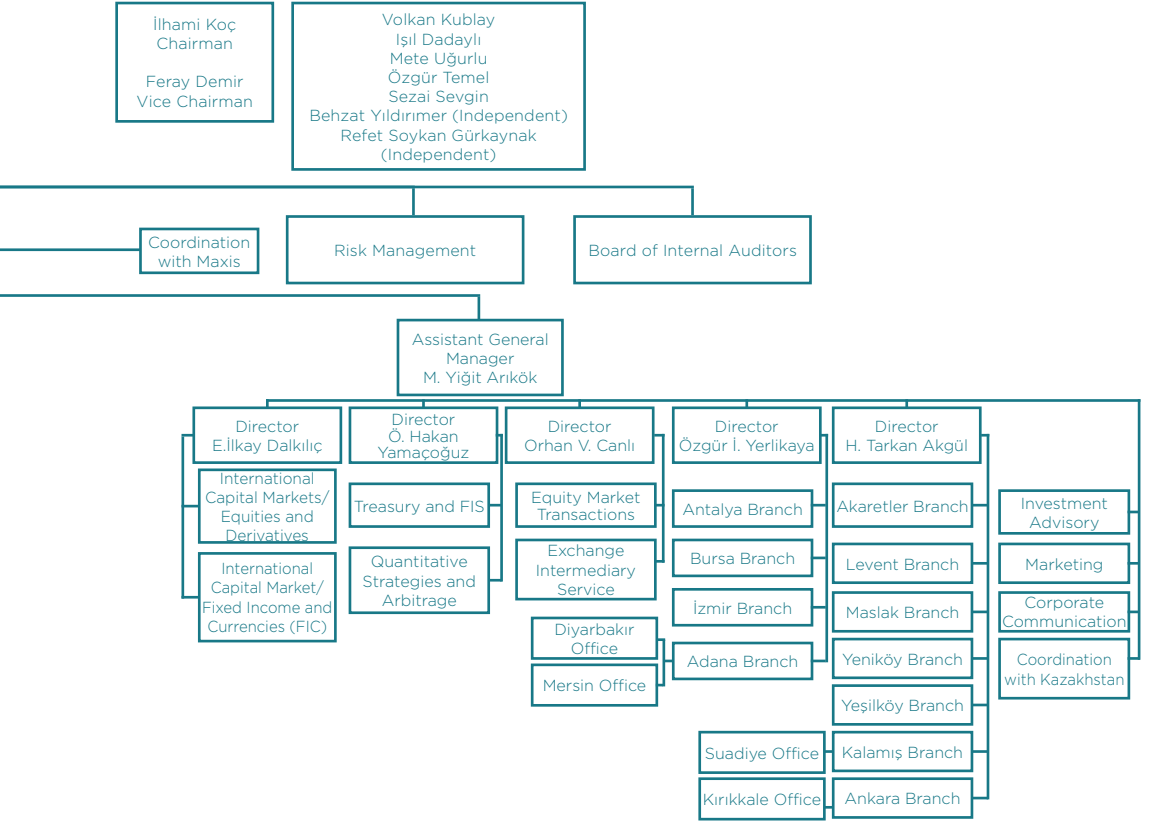


Mehmet Yiğit Arıkök - Assistant General Manager

Mr. Arıkök obtained an undergraduate degree in Business Administration from the University of Illinois in 1992 and an MBA from the same institution in 1995. In 1996, he started work at Citibank N.A. and subsequently went on to Koç Yatırım Menkul Değerler A.Ş. In 2002, Arıkök began working as Domestic Markets Director at İş Yatırım Menkul Değerler A.Ş. He was appointed Director at IS Investment in 2005 and became Director for Domestic Markets in 2012. Mr. Arıkök was appointed Assistant General Manager on 16 April 2015. Since that time, he has been tasked with the following duties: Domestic Sales and Marketing, Domestic Capital Markets, International Capital Markets, Corporate Communications and management of IS Investment's Kazakhstan representative office.

ORGANIZATIONAL CHART





Qualifications of Board Members

All of our members are executives holding at least bachelor's degrees and possessing experience in their respective fields. Furthermore, the Articles of Association stipulated that half of the Board members plus one must hold university degrees.

The Company's Vision, Mission and Corporate Values and Strategic Goals

IS Investment's Vision, Mission and Corporate Values have been approved by the Board of Directors and publicly disclosed on our website.

Vision;

To be Turkey's and the region's most preferred, leader and reliable investment institution.

Mission:

- To provide all kinds of investment banking service under one roof
- To produce qualified information, to establish information-based strategies and to create value
- To be innovative in product and service development
- To lead the development of capital markets
- To follow technological developments and to apply thereof to activities
- To ensure customer satisfaction
- To increase the value created for shareholders

Corporate Values;

Customer Orientation: To be close to our customers, to be able to make risk-return analysis correctly in compliance with their expectations, to be able to provide service at the necessary and desired quality with the aim of increasing the assets of our companies in line with this analysis.

Market Focus: To be able to create the highest possible added value for our corporation and investors in line with the developments taking place by instantly monitoring domestic and foreign capital markets.

Dynamism and Innovation: To constantly seek the better and the newer with an infinite energy for the continuous development of our products, services and values by staying loyal to our corporate policies and in the most appropriate way for market conditions with its human resource which is competent and expert in its field.

Confidentiality: To observe confidentiality principles within the scope of laws, our corporate policies and ethical values in subjects which qualify as inside information that might affect our share values and the identities and transactions of our customers.

Reputation: To continue to be the representative of the feelings of trust and success created by the brand "İŞ", which we proudly represent in capital markets.

Valuing Employees: To ensure the continuous training and development of our expert personnel that we have incorporated in compliance with our values with corporate social responsibility understanding; to apply a human resources policy within a comfortable, safe and certain career plan by providing equal rights to those who are under equal circumstances without discriminating on the basis of religion, language, race and sex.

Team Work: To bring productivity to the highest levels by creating a synergy that combines the division of labor and cooperation, efficient sharing and solidarity.

Abiding by Laws, Corporate Governance Principles and Ethical Values: To be able to realize the best international application in terms of compliance with corporate governance principles with an effective risk management and internal control mechanism, a transparent governance to make the success in our financial performance and market sustainable in compliance with the laws and our ethical values.

Perfectionism: Being aware that anyone can be better by trying to be perfect all the time.

Objectivity and Impartiality: To ensure that our comments on the market are realized with an objective understanding by carrying

out relations with the customer without allowing to any conflict of interest while fulfilling capital market activities, and informing our shareholders correctly, fully and timely.

Social Responsibility: While trying to fulfill our aims of growth and obtaining profit, to exert maximum effort so that mainly our employees, the environment and other internal and external factors provide maximum benefit.

Risk Management and Internal Control Mechanism

Efficient risk management forms the basis of successful delivery of today's financial intermediation services in line with the growing needs of shareholders, regulatory bodies and clients. On the other hand, the bar is constantly raised in what defines efficient risk management activities in the evolving world of risk management. Risk measurement and management activities are incorporated within the main business lines at IS Investment. Reorganized as a Department in 2006, Risk Management is independent from executive units in its activities.

In the management of functional activities, IS Investment may be exposed to various integrated risk groups. The Company essentially carries out proactive control and management in relation to market, credit, liquidity and operational risk classes.

The full text of the Risk Management Policy is posted on the website at www.isyatirim.com.tr.

IS Investment has set up an efficient internal audit system that incorporates internal control and inspection activities. The organization plan in place at IS Investment and all related principles and procedures are monitored for the purposes of orderly, efficient and effective execution of all acts and transactions of IS Investment, including those of its peripheral organization, in line with the management strategy and policies within the framework of existing legislation and rules, ensuring the integrity and reliability of bookkeeping and record keeping systems, assuring timely and accurate availability of information in the data system, and preventing and identifying errors, fraud and irregularities.

In addition, inspectors audit compliance with the legislation and corporate policies based on the needs of the management, independently from IS Investment's day-to-day operations. Within this context, an audit system has been established which encompasses all activities and units of IS Investment, with a particular focus on the operation of the internal control system, allows evaluation of these fields, and covers the systematic audit process resulting from the reporting and examination of evidence and findings used in evaluations.


Moreover, the Compliance Department in particular, as well as all other units spend their best efforts in relation to regulatory obligations, compliance with corporate policies, customer satisfaction, reputation and reliability for the protection of the Company's reputation within the context of reputation risk/legal risk management. There are no material lawsuits brought against our Company, nor are there any material penalties imposed by public authorities.

Opinion of the Audit Committee on the Internal Control System

Re.: Financial statements dated 31 December 2015.

Date: 29 January 2016

1. No negative findings were established with regard to the operation or the effectiveness of IS Investment's accounting and internal control systems and we have arrived at the conclusion that the conduct was properly and duly engaged in.
2. We have reviewed the financial reports for the period 1 January 2015-31 December 2015, and in view of the fact that no negative opinions have been communicated by the responsible managers of the Company or by the independent auditor with regard to the Company's accounting principles or the factuality and accuracy of these reports to be publicly disclosed, it has been decided to present the Company's financial statements for perusal by the Board of Directors.



Behzat Yıldırım
Head



Refet Soykan
Gürkaynak
Member

Authority and Responsibilities of the Members of the Board of Directors and Executives

As specified in the Articles of Association of IS Investment, IS Investment is managed and externally represented by the Board of Directors. The Board of Directors may delegate its management and representation duties and powers, in part or in whole, under the Turkish Commercial Code to managing directors to be designated from among its members or to managers who are not necessarily shareholders. The Board of Directors conducts its activities subject to the Turkish Commercial Code, Capital Market Law and applicable legislation.

Operating Principles of the Board of Directors

At IS Investment, the Board of Directors meets at least on a monthly basis, and may convene at more frequent intervals as and when necessary. The meeting agenda is determined upon proposal by the General Manager and approval by the Chairman of the Board. The meeting invitation is issued by the Chairman or the Vice Chairman of the Board of Directors. The Board of Directors met 12 times in 2015.

Shareholder(s) representing at least 5% of IS Investment's capital, and stakeholders defined in the CMB Corporate Governance Principles may invite the Board of Directors to convene upon making an appeal with the Chairman of the Board.

An Assistant General Manager has been assigned as a "Rapporteur" in order to keep the members of the Board of Directors informed and to ensure communication.

Board members have not been granted weighted voting rights or negative/affirmative vetoing rights at the meeting.

The General Assembly has not received any decisions on account of related party or material transactions. Meeting minutes are kept in audio format.

The operating principles of the Board of Directors, which include such information as meeting and decision quorums, are posted in detail on the corporate website at the address www.isyatirim.com.tr. The Company has purchased an insurance policy for the losses that members of the Board may cause to the Company due to misconduct; work in this regard is in progress.

Prohibition of Doing Business and Competing with the Company

It is stipulated in the Articles of Association that the members of the Board of Directors may not seek authorization from the General Meeting of Shareholders to be exempted from the prohibition on conducting business or competing with IS Investment.

Number, Structures and Independence of Board of Directors Committees

The Articles of Association stipulate that the committees and units deemed necessary and fit by the legislation can be set up to ensure healthy fulfillment of the duties and responsibilities of the Board of Directors, and that the CMB Corporate Governance Principles will be taken into consideration in the establishment of these committees and units.

The Audit Committee, Corporate Governance Committee and Risk Committee function at IS Investment. All members of the Audit Committee and the heads of the Corporate Governance and Risk Committees are independent members. The duties of the Nomination and Remuneration Committees have been charged to the Corporate Governance Committee. The members of the committees are non-executive.

Audit Committee

Behzat Yıldırım - Head
Refet Soykan Gürkaynak - Member

The Audit Committee meets at least four times a year on a quarterly basis. The Committee met 17 times in 2015. Taking into consideration that the responsible managers of the Company and the independent auditor did not express a negative opinion about the compliance of the 2015 financial statements with the Company's accounting principles or about their factuality and accuracy, the Committee decided to present the Company's financial statements for perusal by the Board of Directors.

Corporate Governance Committee

Behzat Yıldırım - Head
Volkan Kublay - Member
Ozan Altan - Member

The Corporate Governance Committee has also assumed the responsibilities of the Nomination and Remuneration Committees. The Committee meets at least quarterly. The Committee met five times in 2015.

Risk Committee

Behzat Yildirim - Head
Volkan Kublay - Member

The Risk Committee meets at least quarterly. The conclusions reached by the Committee are recorded in an official report and presented to the Board of Directors. The Committee met 12 times in 2015.

The Board of Directors Rapporteur also carries out the Committee's work.

The other committees, which are organized under the chair of a responsible Board member designated by a Board decision, meets as and when necessary.

Committees set up under the Board of Directors, committee members, their functions and responsibilities, and operating procedures and principles are publicly disclosed on KAP and the corporate website at the address www.isyatirim.com.tr.

The Articles of Association set out that the decision-making process regarding material transactions defined in the CMB Corporate Governance Principles and other matters concerned with related parties shall be handled in accordance with the CMB's corporate governance requirements.

Strategic Goals of the Company

Strategic goals devised by the Executive Committee in relation to IS Investment's activities are presented in a report to the Board of Directors. This report covers information and forecasts about national and international markets, as well as macroeconomic assessments. Strategic goals determined within the framework of such information and forecasts are approved by the Board of Directors upon necessary assessments thereby following discussion of the prior period performance. Accordingly, the Board of Directors concluded that the Company attained its operational and financial performance targets for 2015.

Financial Rights Provided to the Board of Directors

The Articles of Association set out that the monthly salaries or attendance fees of Board members shall be determined by the General Assembly of Shareholders.

Based on the decisions passed at the Company's Ordinary General Meeting held on 24 March 2015, it has been determined to pay a monthly gross salary of TL 8,000 to the members of the Board of Directors. The minutes of the Ordinary General Meeting has been publicly disclosed in the form of a material event statement and also posted on the corporate website. A performance-based rewarding system is implemented for the determination of Board members' financial rights. Total consolidated benefits provided to the Board members and senior executives amounted to TL 21,324,361 during 2015.

IS Investment and the Board members or executives do not engage in transactions such as lending money, extending credit, providing guarantee, and the like.

OPINION OF THE INDEPENDENT AUDITOR ON İS INVESTMENT'S INTERNAL CONTROL SYSTEM

To the Board of Directors of İş Yatırım Menkul Değerler A.Ş.,

Within the framework of the minimum requirements stipulated in articles 10, 11 and 11/A of the Capital Markets Board Communiqué (Series: V No: 68) On The Principles Of The Internal Control Systems To Be Practiced In Intermediaries (“Communiqué”); we have reviewed İş Yatırım Menkul Değerler A.Ş.’s (“Company”) internal control system pertaining to the period that ended on the 31st of December 2015.

We have concluded that İş Yatırım Menkul Değerler A.Ş.’s internal control system is in conformity with the minimum requirements stipulated in articles 10, 11 and 11/A of the Capital Markets Board Communiqué.

Our report is issued solely for the information and use of the Capital Markets Board and the Board of Directors of the Company, and it cannot be used for any other purposes.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member of KPMG International Cooperative



Alper Güvenç,
Independent Auditor and Financial Consultant
Co-founder, Lead Auditor

January 29, 2016
Istanbul, Turkey

AFFILIATED COMPANY REPORT AND RELATED PARTY TRANSACTIONS

The Company's related party transactions are detailed in the notes to the financial statements and on the corporate website.

Affiliated Company Report - Conclusion

Commercial transactions our Company realized with the controlling company İsbank, our principal shareholder, and group companies affiliated to İsbank in the fiscal year covering the period 1 January - 31 December 2015, which are detailed herein, were required by the Company's activity and were carried out on an arm's length basis. The controlling company led neither any decisions to the detriment of the controlling company or a subsidiary thereof or our Company, nor any transactions that will cause loss to the same.

Board of Directors
IS Investment

CONVENIENCE TRANSLATION INTO ENGLISH OF THE INDEPENDENT AUDITOR'S REPORT RELATED TO THE ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To Board of Directors of İş Yatırım Menkul Değerler Anonim Şirketi,

Report on the Audit of Board of Directors' Annual Report Based on Standards on Auditing which is a Component of The Turkish Auditing Standards Published by The Public Oversight Accounting and Auditing Standards Authority ("POA")

We have audited the accompanying annual report of İş Yatırım Menkul Değerler Anonim Şirketi, for the year ended 31.12.2015.

Board of Directors' Responsibility for the Annual Report
Pursuant to the article 514 of the Turkish Commercial Code numbered 6102 ("TCC") and Communiqué on the Principles of Financial Reporting In Capital Markets numbered 14.1 ("Communiqué"), management is responsible for the preparation of the annual report fairly and consistent with the financial statements and for such internal control as management determines is necessary to enable the preparation of such annual report.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's annual report based on our audit in accordance with article 397 of the TCC and Communiqué whether the financial information included in the accompanying annual report is consistent with the audited financial statements expressed in the auditor's report of the Company dated 29 January 2016 and provides fair presentation.

Our audit has been conducted in accordance with the Standards on Auditing which is a component of the Turkish Auditing Standards ("TAS") published by the POA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information included in the annual report is consistent with the financial statements and provide fair presentation. An audit also includes performing audit procedures in order to obtain audit evidence about the historical financial information. The procedures selected depend on the auditor's judgment. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial information included in the annual report is consistent, in all material respects, with the audited financial statements and provides a fair presentation.

Report on Other Regulatory Requirements

In accordance with the third clause of the article 402 of TCC, no material issue has come to our attention that shall be reported about the Company's ability to continue as a going concern in accordance with TAS 570 Going Concern.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member of KPMG International Cooperative



Alper Güvenç, SMMM
Partner
January 29, 2016
Istanbul, Turkey

**İŞ YATIRIM MENKUL DEĞERLER ANONİM
ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER
2015 WITH INDEPENDENT AUDITORS' REPORT
THEREON**

29 JANUARY 2016

THIS REPORT CONTAINS 1 PAGES OF INDEPENDENT
AUDITORS' REPORT AND 81 PAGES OF CONSOLIDATED
FINANCIAL STATEMENTS AND NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS.

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**Convenience Translation of the Independent Auditors' Report
Originally Prepared and Issued in Turkish to English**

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of İş Yatırım Menkul Değerler Anonim Şirketi ("the Company") and its subsidiaries (collectively referred to as the "the Group") which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by the Capital Markets Board of Turkey ("CMB") and Independent Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of İş Yatırım Menkul Değerler Anonim Şirketi as at 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Accounting Standards.

Report on Other Legal and Regulatory Requirements

- 1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") no. 6102; Auditors' Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 12 February 2016.
- 2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2015, the Company's bookkeeping activities and financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.
- 3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member of KPMG International Cooperative

Alper Güvenç, SMMM
Partner

29 January 2016
İstanbul, Türkiye

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İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

		Audited Current Period	Audited Prior Period
	Notes	31 December 2015	31 December 2014
ASSETS			
Current Assets			
Cash and Cash Equivalents	7	2.733.818.975	2.906.984.690
Financial Investments	8	768.358.473	708.597.016
Trade Receivables	11	1.815.045.740	1.380.845.045
<i>Due From Related Parties</i>	6	7.417.053	4.268.318
<i>Other Trade Receivables</i>		1.807.628.687	1.376.576.727
Other Receivables	12	136.581.995	70.511.458
<i>Due From Related Parties</i>	6	6.613.133	6.864.768
<i>Other Receivables</i>		129.968.862	63.646.690
Derivative Instruments	38	18.919.804	28.885.174
Inventories	14	72.241.328	52.596.621
Prepaid Expenses		6.312.360	8.630.108
Current Tax Assets		15.087.811	18.137.179
Other Current Assets	25	9.529.253	6.205.151
SUBTOTAL		5.575.895.739	5.181.392.442
Assets Held For Sale	32	10.535.275	4.973.662
TOTAL CURRENT ASSETS		5.586.431.014	5.186.366.104
Non-current Assets			
Financial Investments	8	44.538.974	38.431.129
Other Receivables	12	929.985	882.317
<i>Due From Related Parties</i>	6	150	150
<i>Other Receivables</i>		929.835	882.167
Investments in Equity Accounted Investees	17	25.013.453	17.208.918
Tangible Assets	19	32.812.837	34.822.845
Intangible Assets		61.405.929	61.229.010
<i>Goodwill</i>	18	38.593.847	38.593.847
<i>Other Intangible Assets</i>	20	22.812.082	22.635.163
Prepaid Expenses		1.178.245	1.202.960
Deferred Tax Assets	34	28.929.224	14.997.135
TOTAL NON-CURRENT ASSETS		194.808.647	168.774.314
TOTAL ASSETS		5.781.239.661	5.355.140.418

The accompanying notes form an integral part of these consolidated financial statements.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

	Notes	Audited Current Period 31 December 2015	Audited Prior Period 31 December 2014
LIABILITIES			
Short-Term Liabilities			
Short Term Borrowings	9	3.177.557.284	3.140.096.643
<i>Due to Related Parties</i>		37.678.431	33.063.977
<i>Other Short Term Borrowings</i>		3.139.878.853	3.107.032.666
Short Term Portion of Long Term Borrowings	9	86.152.356	108.997.475
<i>Due to Related Parties</i>		14.369.064	33.509.676
<i>Other Borrowings</i>		71.783.292	75.487.799
Other Financial Liabilities	10	12.959.974	9.783.531
Trade Payables	11	1.337.324.517	981.212.461
<i>Due to Related Parties</i>	6	3.804.301	6.471.772
<i>Other Trade Payables</i>		1.333.520.186	974.740.689
Payables Relating to Employee Benefits		3.865.767	3.878.213
Other Payables	12	18.056.504	9.408.618
<i>Due to Related Parties</i>	6	1.002.929	14.430
<i>Other Payables</i>		17.053.575	9.394.188
Derivative Instruments	38	37.459.332	24.425.581
Current Tax Liabilities	34	943.406	554.552
Short Term Provisions		14.607.735	12.087.425
<i>Employee Benefits</i>	24	13.374.878	11.250.844
<i>Other Short Term Provisions</i>	22	1.232.857	836.581
Other Current Liabilities	25	8.619.353	4.523.627
TOTAL CURRENT LIABILITIES		4.697.546.228	4.294.968.126
Long-Term Liabilities			
Long Term Borrowings	9	140.617.152	90.111.414
<i>Due to Related Parties</i>		72.215.864	14.279.687
<i>Other Long Term Borrowings</i>		68.401.288	75.831.727
Trade Payables	11	-	1.881.678
<i>Other Trade Payables</i>		-	1.881.678
Other Payables	12	4.234.905	-
<i>Due to Related Parties</i>	6	2.626.810	-
<i>Other Payables</i>		1.608.095	-
Long Term Provisions		5.442.113	6.223.735
<i>Employee Benefits</i>	24	5.442.113	6.223.735
Deferred Tax Liabilities	34	25.191.614	3.277.831
Other Long Term Liabilities	25	-	700.782
TOTAL NON-CURRENT LIABILITIES		175.485.784	102.195.440
EQUITY			
Total Equity Attributable to Equity Holders of the Company		558.176.497	557.338.743
Paid in Capital	26	355.000.000	332.000.000
Share Premium		1.302.324	1.302.324
Other Comprehensive Income and Expenses to be Reclassified to Profit or Loss		17.156.606	9.563.887
<i>Currency Translation Differences</i>		6.485.838	3.515.335
<i>Fair Value Reserve</i>	26	10.670.768	6.048.552
Other Reserves	26	1.753.763	1.753.763
Restricted Reserves	26	46.092.582	37.981.429
Prior Year's Profit/Loss	26	96.395.803	111.841.570
Profit for the Year		40.475.419	62.895.770
Non-Controlling Interests	26	350.031.152	400.638.109
TOTAL EQUITY		908.207.649	957.976.852
TOTAL LIABILITIES		5.781.239.661	5.355.140.418

The accompanying notes form an integral part of these consolidated financial statements.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2015

(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

		Audited Current Period	Audited Current Period
	Notes	1 January - 31 December 2015	1 January - 31 December 2015
STATEMENT OF PROFIT OR LOSS			
Revenue	27	57.757.439.716	63.527.725.679
Sales Revenue	27	57.445.932.911	63.265.374.143
Interest and Derivative Income from Operating Activities, Net	27	127.192.852	106.512.797
Service Income, Net	27	136.005.906	112.871.230
Other Operating Income, Net	27	48.308.047	42.967.509
Cost of Sales (-)	27	(57.379.907.146)	(63.155.299.418)
GROSS PROFIT/LOSS		377.532.570	372.426.261
Administrative Expenses (-)	28	(229.548.572)	(194.960.312)
Marketing Expenses (-)	28	(81.076.681)	(68.581.520)
Research and Development Expenses (-)	28	(3.854.297)	(2.984.040)
Other Operating Income	29	8.764.294	8.936.178
Other Operating Expenses (-)	29	(17.248.875)	(11.020.823)
OPERATING PROFIT/LOSS		54.568.439	103.815.744
Share of Profit/Loss of Equity Accounted Investees, Net of Income Tax	17	(734.104)	(291.082)
OPERATING PROFIT/LOSS BEFORE FINANCE COST		53.834.335	103.524.662
Finance Income	30	35.568.671	33.298.995
Finance Costs (-)	31	(55.664.047)	(36.331.810)
PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS		33.738.959	100.491.847
Income Tax From Continuing Operations	34	(11.330.589)	(7.921.637)
<i>Current Tax Expense</i>		(3.739.170)	(2.875.175)
<i>Deferred Tax Income/(Expense)</i>		(7.591.419)	(5.046.462)
PROFIT FROM CONTINUING OPERATIONS		22.408.370	92.570.210
PROFIT FROM DISCONTINUED OPERATIONS		-	-
PROFIT FOR THE YEAR		22.408.370	92.570.210
Profit Attributable to:			
Non-controlling interests		(18.067.049)	29.674.440
Equity holders of the company		40.475.419	62.895.770
		22.408.370	92.570.210
Earning per share			
Earning Per Share From Continuing Operations	35	0,1140	0,1772
Earning Per Share From Discontinued Operations	35	-	-
Diluted Earnings Per Share			
Diluted Earnings Per Share From Continuing Operations	35	0,1140	0,1772
Diluted Earnings Per Share From Discontinued Operations	35	-	-

The accompanying notes form an integral part of these consolidated financial statements.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

		Audited Current Period	Audited Prior Period
	Notes	1 January - 31 December 2015	1 January - 31 December 2014
PROFIT FOR THE YEAR		22.408.370	92.570.210
OTHER COMPREHENSIVE INCOME:			
Items Not to be Reclassified to Profit or Loss	33	(246.827)	(1.231.261)
Defined Benefit Plan Re-Measurement Gains		(308.534)	(1.539.076)
Tax Income(Expense) Not to be Reclassified in Profit or Loss		61.707	307.815
<i>Deferred Tax Expense/Income</i>		<i>61.707</i>	<i>307.815</i>
Items not be Reclassified to Profit or Loss	33	6.265.987	1.811.682
Fair Value Gains/Losses on Available for Sale Financial Assets		5.228.121	1.465.387
Change in Currency Translation Reserve		1.299.272	269.169
Tax Income(Expense) to be Reclassified in Profit or Loss		(261.406)	77.126
OTHER COMPREHENSIVE INCOME/LOSS		6.019.160	580.421
TOTAL COMPREHENSIVE INCOME		28.427.530	93.150.631
Total Comprehensive Income Attributable to:			
Non-Controlling Interests		(19.410.224)	29.124.027
Equity holders of the Company		47.837.754	64.026.604
		28.427.530	93.150.631

The accompanying notes form an integral part of these consolidated financial statements.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

	Other Comprehensive Income to be reclassified to be profit or loss			Retained Earnings				Non-Controlling Interest	Equity		
	Paid in Capital	Share Premium	Share Translation Differences	Fair Value Reserve	Other Reserves	Restricted Reserves	Prior Year's Profit/Loss			Net Profit/Loss For The Year	Shareholders' Equity
Balance at 1 January 2014	310.500.000	1.302.324	3.246.166	4.653.440	1.753.763	31.777.604	94.423.077	70.813.280	518.469.654	398.953.308	917.422.962
Transfers to Reserves	-	-	-	-	-	6.203.825	64.609.455	(70.813.280)	-	-	-
Total Comprehensive Income	-	-	269.169	1.395.112	-	-	(533.447)	62.895.770	64.026.604	29.124.027	93.150.631
Capital Increase (Note 27)	21.500.000	-	-	-	-	-	(21.500.000)	-	-	-	-
Capital Increases of Subsidiaries	-	-	-	-	-	-	-	-	(657.515)	1.232.789	1.232.789
Change in Non-Controlling Interests	-	-	-	-	-	-	-	-	(24.500.000)	568.143	(89.372)
Dividends (Note 27)	-	-	-	-	-	-	(24.500.000)	-	(24.500.000)	(29.240.158)	(53.740.158)
Balance at 31 December 2014	332.000.000	1.302.324	3.515.335	6.048.552	1.753.763	37.981.429	111.841.570	62.895.770	557.338.743	400.638.109	957.976.852
	Other Comprehensive Income to be reclassified to be profit or loss			Retained Earnings				Non-Controlling Interest	Equity		
	Paid in Capital	Share Premium	Share Translation Differences	Fair Value Reserve	Other Reserves	Restricted Reserves	Prior Year's Profit/Loss			Net Profit/Loss For The Year	Shareholders' Equity
Balance at 1 January 2015	332.000.000	1.302.324	3.515.335	6.048.552	1.753.763	37.981.429	111.841.570	62.895.770	557.338.743	400.638.109	957.976.852
Transfers to Reserves	-	-	-	-	-	8.111.153	54.784.617	(62.895.770)	-	-	-
Total Comprehensive Income	-	-	2.970.503	4.622.216	-	-	(230.384)	40.475.419	47.837.754	(19.410.224)	28.427.530
Capital Increase (Note 27)	23.000.000	-	-	-	-	-	(23.000.000)	-	-	-	-
Capital Increases of Subsidiaries	-	-	-	-	-	-	-	-	-	115.869	115.869
Change in Non-Controlling Interests	-	-	-	-	-	-	(47.000.000)	-	(47.000.000)	(31.312.602)	(78.312.602)
Balance at 31 December 2015	355.000.000	1.302.324	6.485.838	10.670.768	1.753.763	46.092.582	96.395.803	40.475.419	558.176.497	350.031.152	908.207.649

The accompanying notes form an integral part of these consolidated financial statements

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

		Audited Current Period	Audited Current Period
	Notes	1 January - 31 December 2015	1 January - 31 December 2015
A. CASH FLOWS FROM OPERATING ACTIVITIES		(136.427.738)	(50.674.078)
Net Profit for the year		22.408.370	92.570.210
Adjustments to reconcile net profit / (loss)			
Adjustments for depreciation and amortization	19-20	16.664.971	14.915.866
Adjustments related to goodwill impairment		-	80.032
Adjustments for impairments for inventories		3.588.892	-
Changes in provisions		3.507.784	973.976
Interest income and expenses	7-9	14.299.475	(25.446.426)
Adjustments related to share-based payments		(3.940.018)	(799.623)
Adjustments related to fair value losses / gains		(44.700.836)	(123.408.748)
Changes in tax loss/income	34	11.330.589	7.921.638
Gain / losses from sales of tangible assets	19-20	1.323.931	1.051.228
Adjustments related to investments accounted for using the equity method	17	734.104	291.082
Other adjustments related to profit/loss reconciliation		70.842	5.948.672
Changes in net working capital			
Increases/decreases in inventories		(23.233.599)	1.684.638
Increases/decreases in trade receivables		(434.200.695)	(84.921.799)
Increases/decreases in other receivables		(66.636.691)	64.415.582
Increases/decreases in trade payables		354.230.378	2.095.147
Increases/decreases in other payables		12.866.348	5.337.769
Cash flows from operating activities			
Current tax paid		(2.960.041)	(12.258.385)
Employment termination benefits paid/return		(1.781.542)	(1.124.937)
B. CASH FLOWS FROM INVESTING ACTIVITIES		104.703.120	3.677.792
Increases/decreases in financial investments		127.150.596	36.980.584
Proceeds from acquisition of associates	17	(10.350.000)	(17.500.000)
Cash inflow from sales of tangible assets	19	(9.167.305)	(15.000.396)
Dividend income	30	3.940.018	799.623
Cash outflow from purchases of intangible assets	20	(6.870.189)	(1.602.019)
C. CASH FLOWS FROM FINANCING ACTIVITIES		(137.362.207)	515.727.821
Proceeds from financial liabilities		167.313.778.230	154.380.313.644
Repayments of financial liabilities		(168.288.659.441)	(154.112.187.196)
Dividends paid	26	(78.312.602)	(53.740.158)
Change in time deposits with original maturities longer than three months		(133.246.847)	165.473.025
Change in other financial liabilities		16.210.194	(72.888.932)
Financing cash inflows from commercial paper		2.702.706.026	699.506.963
Financial cash outflows from commercial paper		(1.669.953.636)	(489.385.170)
Change in non-controlling interest		115.869	(1.364.355)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		(169.086.825)	468.731.535
D. EFFECTS OF UNREALIZED EXCHANGE LOSS/ (GAIN) ON CASH AND CASH EQUIVALENTS		2.970.503	269.169
NET (INCREASE)/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(166.116.322)	469.000.704
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	7	2.895.311.910	2.426.311.206
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (A+B+C+D+E)	7	2.729.195.588	2.895.311.910

The accompanying notes form an integral part of these consolidated financial statements.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

The purpose of İş Yatırım Menkul Değerler Anonim Şirketi ("the Company") is to perform capital market activities in accordance with its Articles of Association of the Capital Markets Law. In this respect, the Company obtained the establishment permission through the Capital Markets Board's (the "CMB") meeting No: 51/1515 on 5 December 1996.

The Company is registered in Turkey and the head quarter of the Company operates in below address. The contact information of the Company's head quarter and web site is stated below:

İş Kuleleri Kule - 2 Kat 12, 4. Levent 34330, Beşiktaş / İstanbul / Türkiye

Telephone: + 90 (212) 350 20 00 Fax: + 90 (212) 350 20 01

<http://www.isyatirim.com.tr>

The Company is a Türkiye İş Bankası Group entity and Türkiye İş Bankası A.Ş. is the main shareholder with 66,74% shareholding. The equity shares of the Company are traded on the stock Exchange.

The Company has 399 employees in the current period (31 December 2014: 404).

As at 31 December 2015, the details of the Company's subsidiaries included in consolidation are as follows:

Subsidiaries:

Company	Place of incorporation	Business Activity
Efes Varlık Yönetim A.Ş.	İstanbul	Asset management
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. ^(*)	İstanbul	Private Equity
İş Portföy Yönetimi A.Ş.	İstanbul	Portfolio management
İş Yatırım Ortaklığı A.Ş.	İstanbul	Investment trust
Is Investments Gulf Ltd.	Dubai	Securities brokerage
Maxis Investments Ltd.	London	Securities brokerage

^(*) Subsidiaries of İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. are presented in Note 21

The Company and its consolidated subsidiaries, jointly controlled entities and associates are referred to as "the Group" in this report. The operations of the subsidiaries included in the consolidation are stated below:

Efes Varlık Yönetim A.Ş.:

The subsidiary has been established on 8 February 2011. The purpose of the subsidiary is to buy and sell receivables and other assets of deposit banks, participation banks and other financial institutions.

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. ("İş Girişim Sermayesi"):

The operations of this subsidiary are mainly making long-term investments in entrepreneurships founded or to be found in Turkey with a development potential and in need of capital.

İş Portföy Yönetimi A.Ş.:

This subsidiary was registered with the Istanbul Trade Registry on 23 September 2000 and its foundation was published in the Trade Registry Gazette No: 5168 on 6 November 2000. Its purpose is to perform capital market activities in accordance with its Articles of Association and the Capital Markets Law and the related regulation. This participation offers only portfolio management and investment advisory services within the context of capital market activities to institutional investors.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)

İş Yatırım Ortaklığı A.Ş.(Previous Title: İş B Tipi Yatırım Ortaklığı A.Ş.):

The purpose of this subsidiary is to perform capital market activities in accordance with the Capital Markets Law and the related regulation. This subsidiary performs capital market activities and managing its own portfolio.

İs Investments Gulf Ltd:

This subsidiary is established in Dubai in the United Arab Emirates to perform brokerage operations in the capital markets of the Gulf Area.

Maxis Investments Ltd.:

The subsidiary has been established with the official registration with "The Official Seal of the Registrar of Companies" on 8 August 2005 located on 7 Princes Street, London. The purpose of the subsidiary is to perform profitable operations in the international capital markets.

Associates and jointly controlled entities:

Associates are entities on which the Group has significant influence apart from subsidiaries. Significant influence is the participation power to govern the financial and operating policies of an entity without having individually or jointly control power. Joint ventures are controlled by the Group with a contractual agreement and the Group have the authority on strategic, financial and operational decisions of joint ventures by these agreements. The details of Group's associates as at 31 December 2015 are as follows:

Associate

Company Name	Type of Services	Main services issues
Radore Veri Hizmetleri A.Ş. ("Radore")	Data services	Information technology sector, data center management and other works written in the main contract.
Mika Tur Seyahat Acenteliği ve Turizm A.Ş. ("Mika Tur")	Tourism	Travel Agency

The group invested in Radore Veri Hizmetleri A.Ş. with a consideration of TL 17.500.000 on 2 October 2014 and Mika Tur Seyahat Acenteliği ve Turizm A.Ş. with a consideration of TL 10.350.000 on 6 November 2015.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of presentation

Financial reporting standarts

Approval of Consolidated Financial Statements

The Group's consolidated financial statements as at and for the year then ended 31 December 2015 have been approved by the Board of Directors and authorization for issue has been given on 29 January 2015. The General Assembly has the authority to amend the consolidated financial statements after publishing.

Preparation of Consolidated Financial Statements and Statement of Compliance to TAS

The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation. Businesses which are controlled by subsidiaries operating in foreign countries maintain their books of account in the currencies of those countries and prepare their statutory financial statements in accordance with the prevailing legislation in those countries.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

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

2.1. Basis of Presentation (cont'd)

Financial Reporting Standards (cont'd)

Preparation of Consolidated Financial Statements and Statement of Compliance to TAS (cont'd)

The accompanying consolidated financial statements are prepared in accordance with the Communiqué numbered II-14,1, "Basis for Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to the Communiqué, financial statements are prepared in accordance with Turkish Accounting Standards ("TAS") which are published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). TAS consists of Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations.

The accompanying consolidated financial statements as at 31 December 2015 have been prepared in accordance with the resolution numbered 20/670 "Announcement on Financial Statement and Disclosure Formats" published by the CMB on 7 June 2013.

Policy Resolutions Promulgated by the POA

Board Policy Resolutions are published by the POA to apply Turkish Accounting Standards for companies preparing their financial statements. "Illustrative Financial Statement and User Guide" became effective as of the date of publication but other decisions have been implemented as effective from 31 December 2012 after the annual reporting period.

The details of the board policy resolutions and their impact on the Group are as follows:

2013-1 Illustrative Financial Statement and User Guide

Illustrative Financial Statement and User Guide is prepared according to the Board resolution "Determination of the Scope of Application of Turkish Accounting Standards" for companies preparing their financial statements according to TAS and the reality and relevance, comparability, verifiability and understandability of financial statements and in order to facilitate audit of the financial statements and enhancing the financial statements unique. These board resolutions, after the publication date of 20 May 2013 entered into force as of the first reporting period. The Group has made certain reclassifications to fulfill the requirements of these regulations described in Note 2.2.

2013-2 Accounting for Business Combinations Under Common Control

In accordance to decision,;

- i) Combination of entities under common control should be recognized using the pooling of interest method
- ii) Thus, goodwill should not be included in the financial statements and
- iii) The effect of business combinations under common control is accounted under equity in "Business Combinations Under Common Control" account while using the pooling of interest method, the financial statements should be prepared as if the combination has taken place as of the beginning of the reporting period in which the common control occurs and should be presented comparatively from the beginning of the reporting period in which the common control occurred. The resolution have no effect on the Group's consolidated financial statements.

The resolution have no effect on the Group's consolidated financial statements.

2013-3 Accounting of Redeemed Share Certificates

Clarification has been provided on classification and measurement of the redeemed share certificates and on principles for recognition. The resolution have no effect on the Group's consolidated financial statements.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

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

2.1. Basis of Presentation (cont'd)

Financial Reporting Standards (cont'd)

2013-4 Accounting of Cross Shareholding Investments

If a subsidiary of a parent entity holds shares of the parent, then this is defined as cross shareholding investment and accounting of this shareholding investment is assessed based on the type and different recognition principles adopted. With the subject resolution, this topic has been assessed under three main headings as explained below and the recognition principles have been determined for each of them.

- The subsidiary holding the equity based financial instruments of the parent,
- The associates or joint ventures holding the equity based financial instruments of the parent,
- The parent's equity based financial instruments are held by an entity, which is accounted as an investment within the scope of TAS 39 and TFRS 9 by the parent.

The resolution have no effect on the Group's consolidated financial statements.

Basis of Measurement

The consolidated financial statements have been prepared based on the historical cost, except for the financial investments which are measured at fair value.

Functional and Presentation Currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional and presentation currency of the Company.

Foreign currency exchange rates used by the Group are as follows:

	31 December 2015	31 December 2014
USD	2,9076	2,3189
EURO	3,1776	2,8207
GBP	4,3007	3,5961

Assumption of Going Concern

The consolidated financial statements of the Group are prepared on a going concern basis, which presumes the realization of assets and settlement of liabilities of the Company and its consolidated subsidiaries, jointly controlled entities and associates in the normal course of operations and in the foreseeable future.

Basis of Consolidation

Subsidiaries:

Subsidiaries are entities controlled by the Group. The Group can control a business when exposure, or rights, to variable returns due to its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns. The financial statements of subsidiaries have been included in the consolidated financial statements from the date control commences until the date that controls ends.

Non-controlling interests in the net assets of the consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest share of changes in equity since the date of the combination. Even if the non-controlling interests result in a reverse balance, total comprehensive income is attributable to the equity holders of the Company and to the non-controlling interests.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

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

2.1. Basis of Presentation (cont'd)

Basis of Consolidation (cont'd)

The details of the Group's subsidiaries are as follows:

Subsidiaries	Ownership as at 31 December 2015	Ownership as at 31 December 2014
Efes Varlık Yönetim AŞ	%74,00	%74,00
İş Girişim Sermayesi Yatırım Ortaklığı AŞ	%30,49	%30,49
İş Portföy Yönetimi AŞ	%70,00	%70,00
İş Yatırım Ortaklığı AŞ	%29,58	%29,58
Is Investments Gulf Ltd.	%100,00	%100,00
Maxis Investments Ltd.	%100,00	%100,00
Nevotek Bilişim Ses ve İletişim Sis. San. ve Tic. AŞ ("Nevotek") ^(*)	%81,24	%81,24
Ortopro Tıbbi Aletler Sanayi ve Ticaret AŞ ("Ortopro") ^(*)	%83,64	%32,50
Toksöz Spor Malzemeleri Ticaret AŞ ("Toksöz Spor") ^(*)	%55,00	%55,00
Num Num Yiyecek ve İçecek AŞ ("Num Num") ^(*)	%61,66	%61,66

^(*) The subsidiaries of İş Girişim Sermayesi are presented with İş Girişim Sermayesi's ownership percentages.

The accounting policies of subsidiaries are changed as necessary to align them with the policies adopted by the Group.

Associates and joint ventures:

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Investments in associates and jointly controlled entities are accounted for using the equity method and are recognized initially at cost.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The details of the Group's associates are as follows:

Associates	Place of incorporation	Share on capital (%)		Business Activity
		31 December 2015	31 December 2015	
Radore ^(*)	Turkey	25,50	28,50	Data Services
Mika Tur ^(*)	Turkey	20,00	-	Travel Agency

^(*) The subsidiaries of İş Girişim Sermayesi are presented with İş Girişim Sermayesi's ownership percentages.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

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

2.1. Basis of Presentation (cont'd)

Basis of Consolidation (cont'd)

Goodwill:

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of the acquisition. Goodwill on acquisitions of associates is included in "associates" and is tested for impairment as part of the overall balance. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocations made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Transactions eliminated on consolidation:

Intragroup balances and transactions and any unrealised income and expenses arising from intragroup transactions are eliminated in preparing the consolidated statements of financial positions and profit and loss. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. The equity and profit and loss attributable to non-controlling interests are shown separately in the consolidated statement of financial position and consolidated statement of profit or loss, respectively, except where the non-controlling, who are nominee shareholders, do not exercise their minority rights.

2.2. Changes in the Accounting Estimates and Errors

The statement of financial position at 31 December 2014 investments in intangible assets and intangible assets has been assessed as TL 507,694 evaluated as the development cost account classified.

Finance expenses in the profit and loss statements for the year ended 31 December 2014 presented within TL 27,878,665 "Financing of the Bonds Interest Expense" account are classified in net income from operating activities interest and futures.

If the application of changes in the accounting estimates affects the financial results of a specific period, the accounting estimate change is applied in that specific period, if they affect the financial results of current and following periods; the accounting policy estimate is applied prospectively in the period in which such change is made. The Group did not have any major changes in the accounting estimates during the current period. Significant accounting errors that are detected in the current period are applied retrospectively and prior year consolidated financial statements are restated accordingly.

2.3. Basis of presentation of the consolidated financial statements

Standards issued but not yet effective and not early adopted

TFRS 9 Financial Instruments - Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2018. Phase 1 of this new TFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

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

2.3. Basis of presentation of the consolidated financial statements (cont'd)

Standards issued but not yet effective and not early adopted (cont'd)

Amendments to TAS 16 and TAS 38 – Clarification of acceptable methods of depreciation and amortization

The amendments to TAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to TAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. The amendments are effective for annual periods beginning on or after 1 January 2016, and are to be applied prospectively. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Amendments to TFRS 11 – Accounting for acquisition of interests in joint operations

The amendments clarify whether TFRS 3 Business Combinations applies when an entity acquires an interest in a joint operation that meets that standard's definition of a business. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)

The amendments address the conflict between the existing guidance on consolidation and equity accounting. The amendments require the full gain to be recognised when the assets transferred meet the definition of a "business" under IFRS 3 "Business Combinations". The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Equity method in separate financial statements (Amendments to IAS 27)

The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Disclosure Initiative (Amendments to IAS 1)

The narrow-focus amendments to IAS 1 "Presentation of Financial Statements" clarify, rather than significantly change, existing IAS 1 requirements. In most cases the amendments respond to overly prescriptive interpretations of the wording in IAS 1. The amendments relate to the following: Materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendments apply for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

Due to difficulties associated with the fair value measurement of bearer plants that are no longer undergoing biological transformation bearer plants are now in the scope of IAS 16 "Property, Plant and Equipment" for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 "Agriculture". The amendments are effective for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

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

2.3. Basis of presentation of the consolidated financial statements (cont'd)

Standarts issued but not yet effective and not early adopted (cont'd)

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

Before the amendment, it was unclear how to account for an investment entity subsidiary that provides investment-related services. As a result of the amendment, intermediate investment entities are not permitted to be consolidated. So where an investment entity's internal structure uses intermediates, the financial statements will provide less granular information about investment performance - i.e. less granular fair values of, and cash flows from, the investments making up the underlying investment portfolio.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Improvements to IFRSs

The IASB issued Annual Improvements to IFRSs - 2012-2014 Cycle. The amendments are effective as of 1 January 2016. Earlier application is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Annual Improvements to TFRSs - 2012-2014 Cycle

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

The amendments clarify the requirements of IFRS 5 when an entity changes the method of disposal of an asset (or disposal group) and no longer meets the criteria to be classified as held-for-distribution.

IFRS 7 "Financial Instruments: Disclosures"

IFRS 7 is amended to clarify when servicing arrangement are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognised in their entirety. IFRS 7 is also amended to clarify that the additional disclosures required by "Disclosures: Offsetting Financial Assets and Financial Liabilities" (Amendments to IFRS 7).

IAS 19 "Employee Benefits"

IAS 19 has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

IAS 34 "Interim Financial Reporting"

IAS 34 has been amended to clarify that certain disclosure, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report" - i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report).

The new standards, amendments and interpretations that are issued by IASB but not issued by POA

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

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

2.3. Basis of presentation of the consolidated financial statements (cont'd)

IFRS 9 Financial Instruments - Hedge Accounting and amendments to TFRS 9, TFRS 7 and TAS 39 - (2013)

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging transactions. This standard is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is in the process of assessing the impact of the standard on consolidated financial position or performance of the Group.

IFRS 9 Financial Instruments (2014)

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from TMS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is in the process of assessing the impact of the standard on consolidated financial position or performance of the Group.

IFRS 15 Revenue from Contracts with customers

The standard replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognising revenue over time. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS. The Group is in the process of assessing the impact of the amendment on consolidated financial position or performance of the Group.

2.4. Comparative Figures

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period consolidated financial statements.

2.5. Summary of Significant Accounting Policies

The Group's accounting policies used in the preparation of these consolidated financial statements as at 31 December 2015 except new standards beginnings from 1 January 2015 and the adoption of amendments are consistent with the accounting policies which was used for the year ended 31 December 2015 annual consolidated financial statements.

Revenue:

The Group immediately recognizes gain on sale of marketable securities in its portfolio, when proceeds on such sale transactions are deemed to be collectable while dividend and similar type of revenue are recognized when proceeds on such sale transactions are deemed to be collectable at maturity.

Interest income and expenses

Interest income and expenses are recognized in the statement of profit or loss on an accrual basis. Interest income include coupon payments on fixed income securities, interest income on the Stock Exchange Money Market transactions and reverse repurchase agreements and interest on guarantees given for futures transactions.

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

2.5. Summary of Significant Accounting Policies (cont'd)

Revenue: (cont'd)

Service income

Revenue generated from a service contract is recognized by reference to the stage of completion of the contractual obligation. In this respect, fees and commissions generated as a consequence of the completion of the service contract or service, mutual fund management fees, portfolio management commissions and agency commissions are recognized on an accrual basis.

Dividend income

Dividend income from equity shares is recognized when the shareholders' rights to receive payment have been established.

Private equity

Revenues are comprised of sale of subsidiary and/or associate and income from consultancy services provided to associates.

Revenues from sale of subsidiary or associate resulting in change in control are recognized when the sales are realized. Consultancy services given to associates are recognized at the date of the service rendered.

IT, audio and communication systems

Revenue is recognized on an accrual basis by the amount of excess of the fair value if it is probable that the future economic benefits of the revenue will flow to the Group.

The Group recognizes revenue when the Group has available contracts with clients, product or service is delivered, amount of revenue measured reliably, and it is probable that the Group will be receiving economical benefit.

The Group recognizes revenue for license and software solutions after the software is delivered and the service is started to be used by considering the conditions mentioned in the first paragraph.

Trade of orthopedics, medical equipments and sport products

Revenues are calculated by received payments or fair value of payments which will be received. Estimated refunds, discounts, and provisions are deducted from the mentioned amount.

Food and beverage services revenue

Revenue is measured at fair values of the consideration received or receivable. Estimated discount is recognized as a reduction of revenue as the sales are granted.

Food and beverage revenues are recognized as the services are rendered. Revenues that are measured at fair values of the consideration received or receivable and after sale discounts and deductions.

Restaurant sponsorship revenue

Sponsorship revenues are earned as cash and non-cash benefits from sales of food suppliers and other suppliers in respect of their marketing activities. Sponsorship revenues are recognized as the services are rendered related to sponsorship activities performed. Sponsorship revenue related with uncollected part of long term agreements are deferred until services are rendered. There are no deferred costs related to these revenues.

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

2.5. Summary of Significant Accounting Policies (cont'd)

Revenue: (cont'd)

Restaurant commission revenue

Commission revenues are generated from franchising agreements that were made in order to lease registered trademarks and also restaurants' operating rights to third parties. Commission revenues include both franchise entrance fees and sale commission fees which is computed over the specified rate. Franchise entrance fees are recognized as revenue as a restaurant which is mentioned on the agreement start to operate. Sale commission fees are recognized as revenue when recovery of the consideration is probable and if the entity believes that the payment amount is collectible and there is sufficient evidence that the amount of revenue can be measured.

Sport goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received and receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of the ownership have been transferred to customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

Inventories:

Inventories are measured at the lower of cost and net realizable value. Costs involved in inventories are comprised of direct material, direct labour used for bringing inventories to their existing condition if applicable and production overheads. Weighted average cost method is used in calculating cost of inventories. Net realizable value is estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Tangible Assets:

Items of tangible assets of the Turkish entities purchased before 1 January 2005 are stated at cost adjusted for the effects of inflation during the hyperinflationary period lasted through 31 December 2004, and tangible assets purchased after 1 January 2005 are recorded at their historical costs less accumulated depreciation and accumulated impairment losses.

Depreciation

Depreciation is recognized over the estimated useful lives of the related assets from the date of acquisition or the date of installation, on a straight-line basis.

Leasehold improvements are depreciated over the lower of the periods of the respective leases and useful lives, on a straight-line basis.

The estimated useful lives for the current and comparative periods are as follows:

	Useful life
Machinery and equipment	3-15 years
Vehicles	4-5 years
Furnitures and fixtures	2-15 years
Leasehold improvements	5-10 years
Other tangible assets	5-10 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

2.5. Summary of Significant Accounting Policies (cont'd)

Tangible Assets: (cont'd)

Subsequent expenditure

Expenditure incurred to replace a component of an item of tangible assets that is accounted for separately, including major inspection and overhauls costs, are capitalized. Other subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the item of tangible assets. All other expenditures are recognized in profit or loss as an expense as incurred.

Leasing Transactions:

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

Assets held under finance leases of the Group are recognized at their fair value or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance costs and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in the statement of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Intangible Assets:

Intangible assets are comprised of trademarks and licenses and information technologies and computer software. Intangible assets are carried at restated cost for the effects of inflation in TL units current at 31 December 2004 for the intangible assets acquired before 1 January 2005, and intangible assets acquired after 1 January 2005 are carried at acquisition cost less accumulated amortization and impairment losses. Intangible assets are amortized on a straight-line basis over their estimated useful lives for a period not exceeding 5 years from the date of acquisition.

Trademarks and Licenses:

Acquired trademarks and licenses are shown at historical cost. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (not exceeding five years).

Computer Software:

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3 - 5 years).

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding three years).

Intangible Assets Acquired in a Business Combination:

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they meet the definition of an intangible asset and their fair value can be measured reliably. Cost of such intangible fixed assets is the fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

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

2.5. Summary of Significant Accounting Policies (cont'd)

Intangible Assets: (cont'd)

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible assets and use or sell it,
- The ability to use or sell the intangible asset,
- How the intangibles asset will generate probable future economic benefits,
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in the statement of profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the differences between the net disposal proceeds and the carrying amount of the asset. The difference is recognized in the statement of profit or loss when the asset is derecognized.

Impairment of Assets:

Assets that have an indefinite useful life, like goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Assets Held for Sale:

Assets that are expected to be recovered primarily through sale or distribution rather than through continuing use are classified as held for sale or distribution. These assets can be an operating unit, sales groups or a separate tangible asset. Assets held for sale are expected to be sold in twelve months following the reporting period. The assets held for sale are measured at the lower of their carrying amount and fair value. In the condition that the carrying amount exceeds the fair value, the impairment is recognized as a loss in the related period's profit or loss statement.

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

2.5. Summary of Significant Accounting Policies (cont'd)

Assets Held for Sale:

Assets that are expected to be recovered primarily through sale or distribution rather than through continuing use are classified as held for sale or distribution. These assets can be an operating unit, sales groups or a separate tangible asset. Assets held for sale are expected to be sold in twelve months following the reporting period. The assets held for sale are measured at the lower of their carrying amount and fair value. In the condition that the carrying amount exceeds the fair value, the impairment is recognized as a loss in the related period's profit or loss statement.

Financial Instruments:

Financial Assets:

Financial investments, except financial assets classified at fair value through profit or loss and financial assets initially recognized at fair value, are recognized at fair value net of directly attributable transaction costs. Investments are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories: "financial assets at fair value through profit or loss ("FVTPL")", "held-to-maturity financial assets", "available-for-sale ("AFS") financial assets" and "loans and receivables".

Financial assets at FVTPL

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets at FVTPL unless they are designated as hedges. Assets in this category are classified as current assets.

Held-to-maturity financial assets

Investments in debt securities with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest method less impairment, with revenue recognized on an effective yield basis.

Available-for-sale financial assets

Quoted equity investments and quoted certain debt securities held by the Group that are traded in an active market are classified as being available-for-sale financial assets and are stated at fair value. The Group also has investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at cost since their value cannot be reliably measured. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated for in the fair value reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in the statement of profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognized in the statement of profit or loss when the Group's right to receive the dividends is established.

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

2.5. Summary of Significant Accounting Policies (cont'd)

Financial Instruments: (cont'd)

Available-for-sale financial assets (cont'd)

The fair value of available-for-sale financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognized in the statement of profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

Repurchase and reverse repurchase agreements

Marketable securities sold as part of repurchase agreement commitments ("repo") are accounted for in the consolidated financial statements and liabilities to counterparties are presented as payables to customers. Marketable securities held as part of commitments to resale ("reverse repo") are accounted for as funds loaned under marketable securities reverse repurchase agreements and accounted for under cash and cash equivalents in the balance sheet. The difference between purchase and resale prices is accounted for as interest and amortized during the period of the agreement.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortized cost using the effective interest method less any impairment.

The Group extends loans to its customers for trading equity shares.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For loans and receivables carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of profit or loss.

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

In respect of AFS equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

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

2.5. Summary of Significant Accounting Policies (cont'd)

Financial Instruments: (cont'd)

Trade receivables and provision for doubtful receivables

Trade receivables are written off from the assets if the Group had no future cash flow expectations. Provisions for doubtful receivables is recognized when the collectibility of the receivables is become suspicious or definite collectibility information can not be reached. Provision amount is the difference between the carrying value of receivable and the recoverable amount. The recoverable amount is the amounts of recoverable from guarantees and collateral, including all cash flows which consists trade receivables based on discounted value using original effective interest rate.

After recognizing allowance for doubtful receivables, if the entire amount or a portion of the entire amount is collected, the amount deducted from the provision for doubtful receivables and the amount is recognized in other operating income.

Financial liabilities:

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

Other financial liabilities

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

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

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derivative financial instruments:

As at statement of financial position date, the Group has derivative financial instrument transactions which predominantly consist of positions related to foreign currency forward contracts and Borsa İstanbul indexed futures contracts. The Group uses foreign currency forward contracts and futures to hedge its risks associated with market fluctuations in connection with trading portfolio transactions. The Group participates in derivative transactions indexed to foreign currencies and securities, also performs brokerage activities relating to derivative transactions on behalf of its customers. As at statement of financial position date, transactions related to derivative financial instruments are entered into for trading purposes and measured at fair value. Interest and foreign currency gains and losses on these instruments are accounted for on an accrual basis in the statement of profit or loss.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the hedging reserve in equity. The amount recognized in other comprehensive income is removed and included in the statement of profit or loss in the same period as the hedged cash flows affect the statement of profit or loss under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the statement of profit or loss.

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

2.5. Summary of Significant Accounting Policies (cont'd)

Financial Instruments: (cont'd)

Cash flow hedges (cont'd)

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognized. In other cases the amount accumulated in equity is reclassified to the statement of profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in the statement of profit or loss.

Business Combinations:

The acquisition of subsidiaries and businesses are accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the recognition criteria under TFRS 3, "Business Combinations" are recognized at fair value at the date of acquisition, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

The interest of non-controlling interest's shareholders in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

In business combinations under common control, assets and liabilities subject to business combination are accounted for at carrying value in consolidated financial statements. Statements of profit or loss are consolidated starting from the beginning of the fiscal year in which the business combination is realized. Consolidated financial statements of previous fiscal years are restated in the same manner in order to maintain consistency and comparability. Any positive or negative goodwill arising from such business combination is not recognized in the consolidated financial statements. The residual balance calculated by netting off investment in subsidiary and the share acquired in subsidiary's equity is directly accounted for under equity as "effect of the business combinations in entities under common control" and presented in retained earnings.

Foreign Currency Transactions:

Transactions in foreign currencies have been translated into TL at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from such transactions are included in the statement of profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into TL at foreign exchange rates ruling at the dates the values were determined.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

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

2.5. Summary of Significant Accounting Policies (cont'd)

Foreign Currency Transactions: (cont'd)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity under "Foreign Currency Translation Differences". Such exchange differences are recognized in the statement of profit or loss in the period in which the foreign operation is disposed off.

Earnings per Share:

Earnings per share disclosed in the accompanying consolidated statement of profit or loss is determined by dividing net income by the weighted average number of shares circulating during the year concerned.

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

Events after the Reporting Period:

Events after the reporting period comprise any event between the statement of financial position date and the date of authorization of the consolidated financial statements for publication, even if any event after the balance sheet date occurred subsequent to an announcement on the Group's profit or following any financial information disclosed to public.

If there is evidence of such events as at the statement of financial position or if such events occur after the statement of financial position date and if adjustments are necessary, Group's consolidated financial statements are adjusted according to the new situation. The Group discloses the post-balance sheet events that are not adjusting events but material.

Provisions, Contingent Assets and Liabilities:

Provisions are recognized when the Group has a legal and constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are not recognized in the consolidated financial statements but disclosed in the notes if the possibility of any outflow is low. Contingent assets are not included in consolidated financial statements but explained in the notes if an inflow of economic benefits is probable.

Related Parties:

For the purpose of the accompanying consolidated financial statements, shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties. There may be business transactions with related parties due to ordinary operations.

Segment Information:

The Group has five business segments determined by the management based on information available for the evaluation of performances and the allocation of resources. These segments are managed separately because they are affected by the economical conditions and geographical positions in terms of risks and returns.

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(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

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

2.5. Summary of Significant Accounting Policies (cont'd)

Segment Information: (cont'd)

Since the Group predominantly operates in Turkey and only in marketable securities sector, segment information in the accompanying consolidated financial statements are configured according to structure of the Group's operating entities as securities brokerage, investment trust, portfolio management, private equity and asset management (Note 6).

Tax Assets and Liabilities:

Current Tax

Current tax expense is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted on reporting date.

Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities is calculated for the Group's subsidiaries, investments in associates, shares in joint ventures of all taxable temporary differences except for controlling removal of temporary differences and disappearance of these differences in the near future is unlikely. Deferred tax assets arising from investments and interest associated with taxable deductible temporary differences are calculated by obtaining sufficient taxable profits in the near future when it is likely to benefit from these differences and it is probable that the disappearance of the differences in the near future.

The carrying amount of deferred tax assets is reviewed at each reporting period. Deferred tax asset or liability is recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as an income or expense in the statement of profit or loss except items recognized directly in equity (in which case the tax is also recognized directly in equity) or where they arise from the initial accounting for business combinations. In the case of a business combination, the tax effect is taken into account by calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost of acquisition.

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(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

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

2.5. Summary of Significant Accounting Policies (cont'd)

Employee Benefits / Retirement Pay Liability:

Retirement pay liability

As at 31 December 2015 the maximum ceiling amount for employee severance indemnity is TL 3.828,37 (31 December 2014: TL 3.438,22). As disclosed in Note 24, the Group has used some actuarial assumptions in computation of provision for employee severance indemnity. Actuarial differences are recognized in profit or loss as incurred. Retirement pay ceiling for the calculation of provision for employee termination benefits, announced by the Ministry of Labour.

Defined contribution plans

The Company has started to pay private pension contribution for its employees since 2006. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss when they are due. The only obligation of the Group with respect to the retirement plan is to make the specified contributions.

Bonus payments

The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Other short-term benefits

Other short-term benefits include provision for unused vacation. In accordance with existing social legislation in Turkey, employers are obligated to make payment to the employees for unused vacations when the employee leave. Provision for unused vacation is undiscounted amount of obligation of unused vacation days which is deserved and unused by the employee.

Retirement plans

The Group does not provide any post retirement benefit and pension for the employees.

Discontinued Operations:

Discontinued operations represents the disposed of a business on geographical area of operations or a major business segments. Discontinued operations represent separate major line of business or geographical area of operations alone, sales have been coordinated within the framework of a plan for selling a part of or is a subsidiary. Net assets related to discontinued operations are measured by fair value less cost of sell. Pre-tax profit or loss and discontinued operations after tax related with profit or loss for removal of assets and asset groups constituting discontinued operations from the financial statements are explained in footnotes and statement of profit/loss and pre-tax profit / loss analysis is performed. For the obtained during the pre-tax profit or loss and discontinued operations after tax profit or loss are explained in footnotes and income / expenses and pre-tax profit / loss analysis is done. In addition, discontinued operations, investing and financing activities net cash flows associated with the related notes are disclosed. Asset groups are classified as assets held for sale when planned to be recovered through a sale transaction, not by the use. The liabilities directly associated with those assets are grouped in a similar way. Groups of related assets are recognized at the lower of; after deducting the carrying value of the liabilities directly associated with the issuance and fair value less sales expenses as a result of removal of the net worth. When activities classified as discontinued operations in the statement of comprehensive income, the opening of the comparative period is re-presented as. The Group does not have any discontinued operation during the current period.

Statement of Cash Flows:

In the statement of cash flows, cash flows are classified according to operating, investment and finance activities.

Cash flows from operating activities reflect cash flows mainly generated from brokerage and portfolio management operations of the Group.

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(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

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

2.5. Summary of Significant Accounting Policies (cont'd)

Statement of Cash Flows: (cont'd)

Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group. Cash flows relating to finance activities express sources of financial activities and payment schedules of the Group.

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments whose maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Share Capital and Dividends:

Common shares are classified as equity. Dividends on common shares are reclassified as dividend payables by netting off from the retained earnings in the period in which they are approved and disclosed.

2.6. Significant Accounting Judgements, Estimates and Assumptions

The preparation of consolidated financial statements requires management of Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Although it is not accounting policy change, Efes Varlık Yönetim A.Ş., which is a subsidiary of the Company, accounted loan portfolio on an individual basis and positive differences are recognized in income statement since 1 January 2014.

There has not been significant change in estimates and assumptions of the Company management for the accounting policies adopted in the preparation of consolidated financial statements.

The preparation of consolidated financial statements in conformity with Communiqué requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The estimates are used particularly in the following notes:

- Note 12 – Trade receivables and payables
- Note 18 – Investments in equity accounted investees
- Note 19 – Goodwill ^(*)
- Note 20 – Tangible assets
- Note 21 – Intangible assets
- Note 23 – Provisions, contingent assets and liabilities
- Note 25 – Employee benefits
- Note 35 – Tax assets and liabilities
- Note 40 – Nature and level of risks related to financial instruments
- Note 41 – Financial instruments

^(*)Estimated impairment of goodwill

According to accounting policies explained in note 2.1, the Group tests impairment of goodwill every year. Recoverable amount of cash generating units are specified according to value in use. These calculations require estimations.

3. BUSINESS COMBINATIONS

Disclosed in Note 17.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

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4. GROUP ENTITIES

As of 31 December 2015 and 2014, summary financial information of the Group's subsidiaries is as follows:

	31 December 2015						
	İş Yatırım Ortaklığı A.Ş.	İş Portföy Yönetimi A.Ş.	Sermayesi Yatırım Ortaklığı A.Ş.	İş Girişim Varlık Yönetim A.Ş.	Efes Varlık Yönetim A.Ş.	İs Investments Gulf Ltd.	Maxis Investments Ltd.
Non-Current Assets	100.562	18.277.627	123.639.204	942.279	95.313	2.518.405	
Current Assets	238.068.602	74.169.920	301.198.238	214.782.169	476.226	87.416.640	
Long Term Liabilities	146.644	233.020	47.150.547	101.406.613	-	-	
Short Term Liabilities	2.492.343	4.300.949	161.450.519	67.224.110	-	74.968.607	
Net Assets	235.530.177	87.913.578	216.236.376	47.093.725	571.539	14.966.438	
Carrying Value of Non-Controlling Interests	-	-	10.537.488	-	-	-	-
Revenue	469.969.766	34.868.200	238.401.777	50.574.783	-	11.703.424	
Profit/(Loss)	5.911.873	13.079.180	(35.700.853)	15.314.458	(1.184.827)	(4.541.820)	
Non-Controlling Interests	-	-	(11.262.727)	-	-	-	
Total Comprehensive Income	5.917.628	14.149.386	(26.192.798)	20.876.071	(1.184.827)	-	
Comprehensive Income	-	-	-	-	-	-	
Cash Flows Related to Operating Activities	1.193.962	(3.748.044)	(22.179.164)	20.221.682	(938.065)	4.257.284	
Cash Flows Related to Investing Activities	(53.172)	(24.692.650)	(38.631.402)	(493.633)	84.540	(1.196.794)	
Cash Flows Related to Financing Activities	(30.032.066)	(9.001.711)	(351.150)	11.166.861	-	(3.245.158)	
Net Increase/(Decrease) on Cash and Cash Equivalents	21.869.716	(20.758.377)	(15.297.587)	(16.133.868)	(853.524)	13.815.801	

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	31 December 2014					
	İş Yatırım Ortaklığı A.Ş.	İş Portföy Yönetimi A.Ş.	Sermayesi Yatırım Ortaklığı A.Ş.	İş Girişim Varlık Yönetim A.Ş.	İs Investments Gulf Ltd.	Maxis Investments Ltd.
Non-Current Assets	88.614	16.802.524	117.350.116	1.041.764	149.797	1.120.448
Current Assets	260.153.499	68.441.726	309.369.877	188.661.116	1.457.797	53.239.056
Long Term Liabilities	127.864	165.315	50.275.212	49.696.228	-	-
Short Term Liabilities	469.634	2.313.032	111.878.953	106.244.221	152.414	38.240.820
Net Assets	259.644.615	82.765.903	264.565.828	33.762.431	1.455.180	16.118.684
Carrying Value of Non-Controlling Interests	-	-	21.996.657	-	-	-
Revenue	337.846.190	3.993.802	213.505.383	34.649.876	1.087.511	10.859.855
Profit/(Loss)	28.994.124	10.093.551	4.640.022	17.812.643	(334.032)	(304.290)
Non-Controlling Interests	-	-	(2.705.672)	-	-	-
Total Comprehensive Income	28.993.674	10.575.286	3.610.339	-	91.566	381.301
Comprehensive Income	-	-	(307.127)	-	-	-
Cash flows Related to Operating Activities	652.208	(4.102.024)	(8.262.317)	(6.645.000)	(136.209)	(462.960)
Cash flows Related to Investing Activities	(26.808)	(5.085.951)	(31.091.339)	2.327.000	42.383	183.090
Cash flows Related to Financing Activities	(30.032.066)	(5.996.041)	1.575.970	10.000.000	-	(47.823.657)
Net Increase/(Decrease) on Cash and Cash Equivalents	(9.706.068)	(42.791)	(37.777.686)	(4.318.000)	(93.826)	15.335.347

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5. SEGMENT REPORTING

Segments	Securities Brokerage		Investment Trust		Portfolio Management		Private Equity		Asset Management		Elimination Adjustments		Total
	1 January - 31 December 2015	31 December 2015	1 January - 31 December 2015	31 December 2015	1 January - 31 December 2015	31 December 2015	1 January - 31 December 2015	31 December 2015	1 January - 31 December 2015	31 December 2015	1 January - 31 December 2015	31 December 2015	
Revenue													
Sales revenue	56,752,083.777	45,183,336.887	3,656.618	238,401.777	-	-	-	-	-	-	(42,948)	57,445,932.911	
Interest and derivative income from operating activities (net)	58,241.931	18,100.710	-	-	-	-	-	-	50,574.783	-	275.428	127,192,852	
Services income (net)	107,644,062	35,369	31,211.582	-	-	-	-	-	(2,885,107)	-	-	136,005,906	
Other operating income (net)	48,308,047	-	-	-	-	-	-	-	-	-	-	48,308,047	
Cost of sales (-)	(56,736,620.030)	(462,403.047)	(3,204.745)	(170,811,959)	(8,165,082)	(42,411,701)	(1,356,912)	(1,356,912)	(1,356,912)	(1,356,912)	1,295,715	(57,379,907,146)	
GROSS PROFIT/LOSS	229,657,787	7,566,719	31,663.457	67,589,818	(2,800,997)	(11,733,472)	(35,380,359)	(48,894,251)	(11,733,472)	(11,733,472)	414,565	(229,548,572)	
Administrative expenses (-)	(157,623,922)	(2,424,387)	(822,441)	(3,854,297)	(48,894,251)	(3,854,297)	(3,854,297)	(3,854,297)	2,634,362	-	2,634,362	(81,076,681)	
Marketing expenses (-)	(31,019,984)	-	-	-	-	-	-	-	-	-	-	(3,854,297)	
Research and development expenses (-)	-	-	-	-	-	-	-	-	-	-	-	(3,854,297)	
Other operating income	4,223,886	132,873	14,758	4,411,856	-	-	-	96,097	-	-	(115,176)	8,764,294	
Other operating expenses (-)	(2,456,085)	(3,880)	-	(14,727,799)	-	-	-	(6,111)	-	-	-	(17,248,175)	
OPERATING PROFIT/LOSS	42,781,682	2,296,958	8,054,777	(30,855,032)	8,054,777	(30,855,032)	(30,855,032)	30,713,215	1,576,839	1,576,839	-	54,568,439	
Share of profit/(loss) of equity accounted investees	-	-	-	(734,104)	-	-	-	-	-	-	-	(734,104)	
OPERATING PROFIT/LOSS BEFORE FINANCE COSTS	42,781,682	2,296,958	8,054,777	(31,589,136)	8,054,777	(31,589,136)	(31,589,136)	30,713,215	1,576,839	1,576,839	-	53,834,335	
Finance income	22,547,529	3,614,915	8,564,581	17,997,011	3,182,296	3,182,296	3,182,296	(18,581,053)	(20,337,661)	(20,337,661)	-	35,568,671	
Finance costs (-)	(11,141,327)	-	(288,214)	(25,653,453)	-	-	-	-	-	-	-	(55,664,047)	
PROFIT OR LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS	54,187,884	5,911,873	16,331,144	(39,245,578)	16,331,144	(39,245,578)	(39,245,578)	15,314,458	(18,760,822)	(18,760,822)	-	33,739,959	
Tax income/(expense) from continuing Operations	(116,233,350)	-	(3,251,964)	3,544,725	(3,206,418)	(532,752)	(532,752)	-	-	-	-	(11,330,589)	
- Current tax expenses	-	-	-	-	-	-	-	-	-	-	-	(3,739,170)	
- Deferred tax income / (expense)	(116,233,350)	-	(45,546)	4,077,477	-	-	-	-	-	-	-	(7,591,419)	
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	42,564,534	5,911,873	13,079,180	(35,700,853)	13,079,180	(35,700,853)	(35,700,853)	15,314,458	(18,760,822)	(18,760,822)	-	22,408,370	
PROFIT/(LOSS) FOR THE YEAR	42,564,534	5,911,873	13,079,180	(35,700,853)	13,079,180	(35,700,853)	(35,700,853)	15,314,458	(18,760,822)	(18,760,822)	-	22,408,370	
<i>Profit/(Loss) attributable to</i>													
<i>Non-controlling interests</i>	-	4,247,593	3,923,754	(11,262,727)	2,373,741	(17,349,410)	-	-	-	-	-	(18,067,049)	
<i>Equity holders of the Company</i>	42,564,534	1,664,280	9,155,426	(24,438,126)	12,940,717	(1,411,412)	-	-	-	-	-	40,475,419	
	42,564,534	5,911,873	13,079,180	(35,700,853)	15,314,458	(18,760,822)	15,314,458	(18,760,822)	(18,760,822)	(18,760,822)	-	22,408,370	
Other informations													
Acquisition of tangible and intangible assets	6,418,127	53,172	540,679	8,531,882	-	-	-	493,634	-	-	-	16,037,494	
Depreciation and amortization charges	(2,903,935)	(41,224)	(726,316)	(12,389,218)	(604,278)	-	-	-	-	-	-	(16,664,971)	

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5. SEGMENT REPORTING (cont'd)

Segments	Securities Brokerage 31 December 2015	Investment Trust 31 December 2015	Portfolio Management 31 December 2015	Private Equity 31 December 2015	Asset Management 31 December 2015	Elimination adjustments 31 December 2015	Total 31 December 2015
Balance sheet information	4.953.992.558	238.169.164	92.447.547	424.837.442	215.724.448	(143.931.498)	5.781.239.661
Assets							
Cash and Cash Equivalents	2.666.043.484	22.199.300	13.893.610	30.805.910	876.671	-	2.733.818.975
Financial investments (short term)	372.499.557	214.908.850	52.610.464	105.677.484	37.945.693	(15.283.575)	768.358.473
Financial investments (long term)	142.247.531	1	16.419.913	10.011.350	-	(124.139.821)	44.538.974
Trade receivables	1.569.640.004	952.570	7.198.966	79.761.017	161.966.438	(4.473.255)	1.815.045.740
Other receivables	134.280.439	-	-	567.289	2.664.252	-	137.511.980
Derivative instruments	18.912.372	-	-	7.432	-	-	18.919.804
Investment in equity accounted investees	-	-	-	25.013.453	-	-	25.013.453
Other assets	50.369.171	108.443	2.324.594	172.993.507	12.271.394	(34.847)	238.032.262
Liabilities	4.499.856.124	2.638.987	4.533.969	208.601.066	168.630.723	(11.228.857)	4.873.032.012
Financial Liabilities	3.106.195.048	-	-	137.128.892	167.758.454	(6.755.602)	3.404.326.792
Other Financial liabilities	12.959.974	-	-	-	-	-	12.959.974
Trade payables	1.292.059.230	2.278.057	-	47.456.339	-	(4.469.109)	1.337.324.517
Other payables	12.669.646	43.531	741.835	8.114.464	721.933	-	22.291.409
Derivative instruments	37.459.332	-	-	-	-	-	37.459.332
Other liabilities	38.512.894	317.399	3.792.134	15.901.371	150.336	(4.146)	58.669.988
Net assets	454.136.434	235.530.177	87.913.578	216.236.376	47.093.725	(132.702.641)	908.207.649

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

5. SEGMENT REPORTING (cont'd)

Segments	Securities Brokerage		Investment Trust		Portfolio Management		Private Equity		Asset Management		Elimination Adjustments		Total
	1 January - 31 December 2014	1 January - 31 December 2014	1 January - 31 December 2014	1 January - 31 December 2014	1 January - 31 December 2014	1 January - 31 December 2014	1 January - 31 December 2014	1 January - 31 December 2014	1 January - 31 December 2014	1 January - 31 December 2014	1 January - 31 December 2014	1 January - 31 December 2014	1 January - 31 December 2014
Revenue													
Sales Revenue	62.710.028.768	337.846.190		3.993.802		213.505.383							63.265.374.143
Interest and derivative income from operating activities,(net)	55.144.268	16.718.653							34.649.876				106.512.797
Services income (net)	95.730.378			21.070.538								(3.929.686)	112.871.230
Other operating income (net)	43.580.387											(612.878)	42.967.509
Satışların Maliyeti (-)	(62.697.213.403)	(322.932.601)		(1.704.690)		(135.369.511)						1.920.787	(63.155.299.418)
GROSS PROFIT/LOSS	207.270.398	31.632.242		23.359.650		78.135.872			34.649.876			(2.621.777)	372.426.261
Administrative expenses (-)	(136.899.857)	(1.956.879)		(15.864.700)		(30.197.340)			(11.514.350)			1.472.814	(194.960.312)
Marketing expenses (-)	(25.416.530)	(2.764.368)		(630.732)		(42.373.161)						2.603.271	(68.581.520)
Research and Development expenses (-)						(2.984.040)							(2.984.040)
Other operating income	3.491.831	668.421		14.906		3.789.510			442.623			528.887	8.936.178
Other operating expenses (-)	(2.577.342)	(481.70)				(7.798.350)			(1.681.961)			1.085.000	(11.020.823)
OPERATING PROFIT/LOSS	45.868.500	27.531.246		6.879.124		(1.427.509)			21.896.188			3.068.195	103.815.744
Share of profit of equity accounted investees												(291.082)	(291.082)
OPERATING PROFIT/LOSS BEFORE FINANCE COSTS	45.868.500	27.531.246		6.879.124		(1.718.591)			21.896.188			3.068.195	103.524.662
Finance income	17.520.538	1.462.878		5.722.040		24.890.721			947.724			(17.244.906)	33.298.995
Finance costs (-)	(9.370.587)			(28.318)		(20.154.606)			(7.930.394)			1152.095	(36.331.810)
PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS	54.018.451	28.994.124		12.572.846		3.017.524			14.913.518			(13.024.616)	100.491.847
Tax income/(expense) from continuing Operations	(9.963.965)			(2.479.295)		1.622.498			2.899.125				(7.921.637)
- Current tax expenses						(243.282)							(2.875.175)
- Deferred tax income / (expense)	(9.963.965)			152.998		1.865.780			2.899.125				(5.046.462)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	44.054.486	28.994.124		10.093.551		4.640.022			17.812.643			(13.024.616)	92.570.210
PROFIT FOR DISCOUNTED OPERATIONS													
PROFIT/(LOSS) FOR THE YEAR	44.054.486	28.994.124		10.093.551		4.640.022			17.812.643			(13.024.616)	92.570.210
Profit/(Loss) attributable to:													
<i>Non-Controlling interests</i>		21.376.147		2.204.493		(2.705.673)			1.188.936			7.610.537	29.674.440
<i>Equity holders of the Company</i>	44.054.486	7.617.977		7.889.058		7.345.695			16.623.707			(20.635.153)	62.895.770
	44.054.486	28.994.124		10.093.551		4.640.022			17.812.643			(13.024.616)	92.570.210
Other information													
Acquisition of tangible and intangible assets	1.272.738	26.808		494.806		14.338.972			469.091				16.602.415
Depreciation and amortization charges	(2.595.977)	(39.809)		(696.345)		(10.940.842)			(642.893)				(14.915.866)

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

5. SEGMENT REPORTING (cont'd)

Segments	Securities Brokerage		Investment Trust		Portfolio Management		Private Equity		Asset Management		Elimination Adjustments		Total	
	31 December 2014	31 December 2014	31 December 2014	31 December 2014	31 December 2014	31 December 2014	31 December 2014	31 December 2014	31 December 2014	31 December 2014	31 December 2014	31 December 2014	31 December 2014	31 December 2014
Balance sheet information	4.531.178.340	260.242.112	85.244.250	426.719.993	189.702.880	137.947.157	5.355.140.418							
Cash and Cash Equivalents	2.817.104.727	216.244	34.615.006	38.248.237	17.010.539	(210.063)	2.906.984.690							
Financial investments (short term)	304.813.497	258.928.299	29.271.856	127.764.150	-	(12.180.786)	708.597.016							
Financial investments (long term)	138.019.932	-	14.672.719	10.006.300	-	(124.267.822)	38.431.129							
Trade receivables	1.134.514.098	469.000	4.354.824	77.570.952	164.657.280	(721.109)	1.380.845.045							
Other receivables	69.551.664	532.531	1.526	982.503	858.082	(532.531)	71.393.775							
Derivative instruments	28.885.174	-	-	-	-	-	28.885.174							
Investments in equity accounted investees	-	-	-	17.208.918	-	-	17.208.918							
Other assets	38.289.248	96.038	2.328.319	154.938.933	7.176.979	(34.846)	202.794.671							
Liabilities	4.080.097.259	597.498	2.478.347	162.154.165	155.940.449	(4.104.152)	4.397.163.566							
Financial liabilities	3.079.799.719	-	-	106.883.506	155.162.758	(2.640.451)	3.339.205.532							
Other financial liabilities	9.783.531	-	-	-	-	-	9.783.531							
Trade payables	947.274.873	165.371	-	37.068.890	-	(1.414.995)	983.094.139							
Other payable	6.674.190	41.568	583.389	1.932.630	176.841	-	9.408.618							
Derivative instruments	24.425.581	-	-	-	-	-	24.425.581							
Other liabilities	12.139.365	390.559	1.894.958	16.269.139	600.850	(48.706)	31.246.165							
Net assets	451.081.081	259.644.614	82.765.903	264.565.828	33.762.431	(133.843.005)	957.976.852							

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

6. RELATED PARTY TRANSACTIONS

The immediate parent and ultimate controlling party of the Group is Türkiye İş Bankası A.Ş. incorporated in Turkey. Transactions between the Company and its subsidiaries, related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. The details of transactions between the Group and other related parties are disclosed below.

Deposits in Türkiye İş Bankası A.Ş.	31 Demceber 2015	31 December 2014
Demand Deposits	58.488.139	4.256.177
Times Deposits	333.778.418	480.909.362
	392.266.557	485.165.539

Borrowings from Türkiye İş Bankası A.Ş.	31 December 2015	31 December 2014
Loan	123.341.021	129.319.278
	123.341.021	129.319.278

İş Finansal Kiralama A.Ş.	31 December 2015	31 December 2014
Leasing debt	1.193.593	1.839.000
	1.193.593	1.839.000

İş Faktoring A.Ş.	31 December 2015	31 December 2014
Factoring debt	13.577.018	6.308.697
	13.577.018	6.308.697

Balances with related parties	31 December 2015			
	Receivables		Payables	
	Trading	Non-Trading	Trading	Non-Trading
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	-	184.019
Türkiye İş Bankası A.Ş.	186.539	150	375.764	1.097.039
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	34.589	-	-	-
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	-	-	-	3.441.292
Borsa İstanbul A.Ş.	4.089	-	899.438	-
İş Faktoring A.Ş.	-	-	2.290.032	-
Anadolu Anonim Türk Sigorta Şirketi	248.325	-	4.624	27.414
Anadolu Hayat Emeklilik A.Ş.	5.107.318	-	-	-
Trakya Cam San. A.Ş.	59.553	-	-	-
ATT Technology Management BV	-	-	32.712	-
Milli Reasürans T.A.Ş.	199.968	-	-	-
Anadolu Cam Sanayii A.Ş.	26.250	-	-	-
İstanbul Takas ve Saklama Bankası A.Ş.	211.680	6.613.133	159.429	-
Yatırım Finansman Menkul Değerler A.Ş.	-	-	41.251	-
Turkishfund (SICAV) Fonları	180.503	-	-	-
Türkiye İş Bankası Kültür Yayınları İş - Türk Ltd. Şti.	-	-	-	342
Other	1.158.239	-	1.081	-
	7.417.053	6.613.283	3.804.331	4.750.106

The amount of TL 1.120.367 of non-trading payables to related parties refers to expense accruals presented in other current liabilities.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

6. RELATED PARTY TRANSACTIONS (cont'd)

Balances with related parties	31 December 2014			
	Receivables		Payables	
	Trading	Non-Trading	Trading	Non-Trading
İş Merkezleri Yönetim ve İşletim A.Ş.	-	31.480	870	5.757
Türkiye İş Bankası A.Ş.	760.600	-	249.342	64.740
Türkiye İş Bankası A.Ş. (Yurtdışı Fonları)	65.771	-	-	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-	-	7.317
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	-	-	702.668	-
Borsa İstanbul A.Ş.	-	18.419	2.244	7.229
Anadolu Anonim Türk Sigorta Şirketi	3.225.837	-	-	-
Anadolu Hayat Emeklilik A.Ş.	-	-	500.000	-
Mehmet Gürs	20.454	-	-	-
Milli Reasürans T.A.Ş.	-	-	4.876.000	-
Paşabahçe Cam San ve Tic. A.Ş.	-	-	-	965
TSKB Gayrimenkul Değerleme A.Ş.	-	6.814.869	97.590	-
İstanbul Takas ve Saklama Bankası A.Ş.	-	-	43.058	-
Yatırım Finansman Menkul Değerler A.Ş.	195.601	-	-	-
Other	55	150	-	-
	4.268.318	6.864.918	6.471.772	86.008

The amount of TL 71.578 of non-trading payables to related parties refers to expense accruals presented in other current liabilities.

	1 January- 31 December 2015			
	Fee and brokerage commission income	Interest income on time deposits	Dividend received	Other
Related party transactions (income)				
Türkiye İş Bankası A.Ş.	15.380.341	15.615.326	37.907	907.115
Anadolu Hayat Emeklilik A.Ş.	16.880.467	-	-	-
Anadolu Anonim Türk Sigorta Şirketi	894.505	-	-	-
Camiş Yatırım Holding A.Ş.	897	-	-	-
Milli Reasürans T.A.Ş.	608.566	-	-	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	86.803	277.114	713.869	-
Türkiye Sınai Kalkınma Bankası A.Ş.	110.635	-	4.800	-
İş Faktoring A.Ş.	729.042	272.830	-	-
T.Şişecam Fab.A.Ş. Ve İştirakleri Sos.Göv. Ve Blm. Araş.Vakfı	15.422	-	-	-
T.Şişe ve Cam Fabrikaları A.Ş.	123.059	-	-	-
İş Finansal Kiralama A.Ş.	1.203.870	1.417.916	68.255	-
İş Net Elek.Bilg.Ür.Tic.A.Ş.	158	-	-	-
Yatırım Finansman Menkul Değerler A.Ş.	112	-	-	-
İstanbul Takas ve Saklama Bankası A.Ş.	-	-	524.700	-
Efes Holding A.Ş.	41.624	-	-	-
Turkishfund (SICAV) Fonları	790.431	-	-	-
Tecim Yapı Elemanları İnş.Ser.A.Ş.	11.624	-	-	-
Trakya Cam San. A.Ş.	66.192	-	-	-
Nemtaş Nemrut Liman İşletmeleri A.Ş.	27.902	-	-	-
Anadolu Cam Sanayii A.Ş.	1.073.662	-	-	-
Other	6.556.961	-	970.697	-
	44.602.273	17.583.186	2.320.228	907.115

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(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

6. RELATED PARTY TRANSACTIONS (cont'd)

	1 January - 31 December 2014			
	Fee and brokerage commission income	Interest income on time deposits	Dividend received	Other
Related party transactions (income)				
Türkiye İş Bankası A.Ş.	20.296.440	23.412.477	2.707	851.384
Anadolu Cam Sanayii A.Ş.	3.571	-	-	-
Anadolu Hayat Emeklilik A.Ş.	12.730.147	-	-	-
Anadolu Anonim Türk Sigorta Şirketi	602.784	-	-	-
Camiş Madencilik A.Ş.	76	-	-	-
Camiş Yatırım Holding A.Ş.	402	-	-	-
Milli Reasürans T.A.Ş.	404.069	-	-	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	819.057	47.375	472.135	-
Türkiye Sınai Kalkınma Bankası A.Ş.	-	-	62.500	-
İş Faktoring A.Ş.	221.989	-	-	-
T.Şişecam Fab.A.Ş. Ve İştirakleri Sos.Göv. Ve Blm. Araş.Vakfı	22.242	-	-	-
T.Şişe ve Cam Fabrikaları A.Ş.	13.891	-	2.260	54.135
İş Finansal Kiralama A.Ş.	829.907	601.793	-	-
İş Net Elek.Bilg.Ür.Tic.A.Ş.	110	-	-	-
Yatırım Finansman Menkul Değerler A.Ş.	9.440	-	-	-
Efes Holding A.Ş.	35.775	-	-	-
Trakya Cam San. A.Ş.	4.116	-	-	-
Turkishfund (SICAV) Fonları	764.931	-	-	-
Tecim Yapı Elemanları İnş.Ser.A.Ş.	3.534	-	-	-
	36.762.481	24.061.645	539.602	905.519

Compensation of key management personnel	1 January-	1 January-
	31 December 2015	31 December 2014
Salaries and other short-term benefits	21.324.361	18.992.628
	21.324.361	18.992.628

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(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

6. RELATED PARTY TRANSACTIONS (cont'd)

	1 January - 31 December 2015									
Related party transactions (expenses)	Letters of guarantee commission expenses	Custody commission expenses	Interest on borrowings	Other interest expenses	Transaction commission expenses	Personnel insurance contribution	Office insurance	Rent expenses	Administrative expenses	Technical service and consultancy expenses
Türkiye İş Bankası A.Ş.	178.564	2.056.574	15.900.220	132.025	4.452.434	-	-	2.091.411	326.798	95.504
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-	-	-	-	-	52.705	5.926.737	-	-
Anadolu Anonim Türk Sigorta Şirketi	-	-	-	-	-	1.587.010	10.731	-	-	-
Anadolu Hayat Emeklilik A.Ş.	-	-	-	-	-	600.210	-	-	-	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	-	-	-	-	-	-	2.916.673	12.109
İş Net Elektronik Bilgi Ür. Değ. Tic. ve İlet. Hiz. A.Ş.	-	-	-	-	-	-	-	-	-	737.055
İş Faktoring A.Ş.	-	-	1.065.587	-	-	-	-	-	-	-
İş Finansal Kiralama A.Ş.	-	-	221.065	-	-	-	-	-	-	-
İstanbul Takas ve Saklama Bankası A.Ş.	-	1.576.996	5.347.398	-	-	-	-	-	-	-
Türkiye İş Bankası A.Ş. Mensupları Emekli Sandığı Vakfı	-	-	-	-	-	-	-	449.088	-	-
Milli Reasürans T.A.Ş.	-	-	-	106.814	-	-	-	233.350	-	-
Yatırım Finansman Menkul Değerler A.Ş.	-	-	-	-	274.440	-	-	-	-	-
ATT Technology Management BV	-	-	-	-	-	-	-	-	-	60.070
Paşabahçe Mağazaları A.Ş.	-	-	-	-	-	-	-	-	10.107	-
Borsa İstanbul A.Ş.	-	-	-	-	-	-	-	-	-	-
Türkiye İş Bankası Kültür Yayınları İş - Türk Ltd. Şti.	-	-	-	-	11.206.785	-	-	-	-	-
SoftTech Yazılım Tekn. Araş. Gel. ve Paz. Tic. A.Ş.	-	-	-	-	-	-	-	-	342	-
	178.564	3.633.570	22.534.270	238.839	15.933.659	2.187.220	63.436	8.700.586	3.253.920	908.530

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(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

6. RELATED PARTY TRANSACTIONS (cont'd)

	1 January- 31 December 2014									
	Letters of guarantee commission expenses	Custody commission expenses	Interest on borrowings	Other interest expenses	Transaction commission expenses	Personnel insurance expenses	Office insurance	Rent expenses	Administrative expenses	Technical service and consultancy expenses
Related party transactions (expenses)										
Türkiye İş Bankası A.Ş.	88.606	89.050	3.394.319	7.768.805	2.666.755	-	-	1.720.515	-	62.185
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-	1.567.007	-	-	-	89.075	5.131.767	-	-
Anadolu Anonim Türk Sigorta Şirketi	-	-	255.650	-	-	1.386.784	97.236	-	-	-
Anadolu Hayat Emeklilik A.Ş.	-	-	-	-	-	549.021	-	-	-	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	-	-	-	-	-	-	2.201.527	12.935
Türkiye İş Bankası Kültür Yayınları İş - Türk Ltd. Şti.	-	-	-	617	-	-	-	-	-	-
İş Net Elektronik Bilgi Ür. Dağ. Tic. ve İlet. Hiz. A.Ş.	-	-	-	-	-	-	-	-	-	390.762
İş Finansal Kiralama A.Ş.	-	-	57.241	281.000	-	-	-	-	-	-
İstanbul Takas ve Saklama Bankası A.Ş.	-	1.183.472	2.238.938	-	2.546.623	-	-	-	-	-
Türkiye İş Bankası A.Ş. Mensupları Emekli Sandığı Vakfı	-	-	-	-	-	26.074	-	401.628	-	-
Soft Tech Yazılım Tekn. Araş. Gel. ve Paz. Tic. A.Ş.	-	-	-	-	-	-	-	-	-	1.045
Milli Reasürans T.A.Ş.	-	-	423.605	226.028	-	-	-	-	-	16.936
Yatırım Finansman Menkul Değerler A.Ş.	-	-	-	-	2.038.852	-	-	-	-	68.701
ATT Technology Management BV	-	-	-	-	-	-	-	-	13.721	-
Paşabahçe Mağazaları A.Ş.	-	-	-	6.363.637	-	-	-	-	-	-
Borsa İstanbul A.Ş.	-	-	-	-	-	-	-	-	-	-
Meg Elektrik Elektronik Bilgi ve İletişim Sistemleri	-	-	-	-	-	-	-	-	-	1.208
Türkiye Sınai ve Kalkınma Bankası A.Ş.	-	-	41.964	-	-	-	-	-	-	-
88.606	1.272.522	1.272.522	7.978.724	14.640.087	7.252.230	1.961.879	186.311	7.253.910	2.215.248	553.772

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(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

7. CASH AND CASH EQUIVALENTS

	31 December 2015	31 December 2014
Cash	44.581	228.389
Cash at banks	2.711.376.109	2.849.550.121
<i>Demand deposits</i>	63.931.980	12.517.805
<i>Time deposits (with maturities less than three months)</i>	2.647.444.129	2.837.032.316
Type B mutual funds	33.372	6.742.837
Receivable from reverse repurchase agreements	15.537.453	47.123.312
Other cash equivalents	2.908.846	3.317.025
Receivables from Money market placements	3.918.614	23.006
	2.733.818.975	2.906.984.690

Cash and cash equivalents in the Group's consolidated statement of cash flows as at 31 December 2015 and 31 December 2014 are presented by netting off interest accruals and time deposits:

	31 December 2015	31 December 2014
Cash and cash equivalents	2.733.818.975	2.906.984.690
Interest accrual	(4.623.387)	(11.672.780)
	2.729.195.588	2.895.311.910

Maturities and interest rates of time deposits as at 31 December 2015 and 31 December 2014 are as follows:

31 December 2015				
	Interest Rate (%)	Maturity	Currency Type	Amount (TL)
Time deposit in FX	2,95	22.03.2016	USD	4.841.154
Time deposit in FX	1,40-2,33	04.01.2016-16.03.2016	EUR	2.106.371.955
Time deposit in FX	1,31-1,50	15.01.2016-17.03.2016	GBP	12.472.030
Time deposit in TL	11,80-14,00	04.01.2016-08.04.2016	TL	519.137.217
Money market placements	12,25-15,25	04.01.2016	TL	3.917.000
Interest accrual				4.623.387
				2.651.362.743

31 December 2014				
	Interest Rate (%)	Maturity	Currency Type	Amount (TL)
Time deposit in FX	2,00 - 2,70	13.01.2015-24.02.2015	USD	332.762.150
Time deposit in FX	2,20 - 2,90	16.01.2015-12.02.2015	EUR	423.054.227
Time deposit in FX	1,23 - 1,85	02.01.2015-20.03.2015	GBP	13.665.180
Time deposit in TL	3,50- 11,60	02.01.2015-03.02.2015	TL	2.055.877.979
Interest accrual				11.672.780
				2.837.032.316

Maturities and interest rates of reverse repurchase agreements as at 31 December 2014 and 31 December 2013 are as follows:

31 December 2015				
	Interest Rate (%)	Maturity	Cost	Carrying Value
Reverse repurchase agreement	4,71-10,42	04.01.2016	15.527.532	15.537.453
				15.537.453

31 December 2014				
	Interest Rate (%)	Maturity	Cost	Carrying Value
Reverse repurchase agreement	9,50-11,10	02.01.2015-13.01.2015	47.069.848	47.123.312
				47.123.312

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8. FINANCIAL INVESTMENTS

Current financial assets	31 December 2015	31 December 2014
Time deposits with maturities more than three months	203.254.298	70.007.451
Financial assets at fair value through profit or loss	565.104.175	638.589.565
	768.358.473	708.597.016

Non-current financial assets	31 December 2015	31 December 2014
Available for sale financial assets	26.909.191	21.344.820
Held to maturity financial investments	17.629.783	17.086.309
	44.538.974	38.431.129

Financial assets at fair value through profit or loss	31 December 2015	
	Cost	Carrying Value
Government bonds and treasury bills	99.720.779	97.468.853
Private sector bonds	375.428.993	372.506.636
Equity shares	44.722.427	42.050.226
Foreign currency securities	5.970.918	5.914.931
Investment funds	45.280.586	47.163.529
	571.123.703	565.104.175

Financial assets at fair value through profit or loss	31 December 2014	
	Cost	Carrying Value
Government bonds and treasury bills	193.472.832	203.632.594
Private sector bonds	348.556.000	349.787.395
Equity shares	46.859.054	50.830.422
Foreign currency securities	4.761.990	4.769.514
Investment funds	27.547.059	29.569.640
	621.196.935	638.589.565

Annual interest rate ranges of government bonds and treasury bills held for trading purposes as at 31 December 2015 are %10,27 for USD %5,50. (31 December 2014: in between 2,31% and 12,87% for USD %5,50).

Marketable securities given as guarantees as at 31 December 2015 and 31 December 2014 are as follows:

Government bonds and treasury bills given as guarantee	31 December 2015	
	Cost	Carrying value
İstanbul Takas ve Saklama Bankası A.Ş.	23.215.232	23.170.494
Guarantees given to customers (securities lending activities)	546.711	546.862
	23.761.943	23.717.356

Government bonds and treasury bills given as guarantee	31 December 2014	
	Cost	Carrying Value
İstanbul Takas ve Saklama Bankası A.Ş.	26.215.018	26.157.898
Guarantees given to customers (securities lending activities)	3.350.138	3.321.009
	29.565.156	29.478.907

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8. FINANCIAL INVESTMENTS (cont'd)

The details of available for sale equity investments are as follows:

31 December 2015		
Financial assets available for sale	Ownership Rate(%)	Carrying value
Listed Entities		
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	1,13	20.070.556
Unlisted Entities		
İstanbul Takas ve Saklama Bankası A.Ş.	0,87	3.692.583
Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş.	10,05	1.540.045
Borsa İstanbul A.Ş.	0,38	1.589.123
Yatırım Finansman Menkul Değ. A.Ş.	0,06	16.884
		26.909.191
31 December 2014		
Financial assets available for sale	Ownership Rate %	Carrying value
Listed Entities		
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	1,13	14.506.185
Unlisted Entities		
İstanbul Takas ve Saklama Bankası A.Ş.	0,87	3.692.583
Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş.	10,00	1.540.045
Borsa İstanbul A.Ş.	0,38	1.589.123
Yatırım Finansman Menkul Değ. A.Ş.	0,06	16.884
		21.344.820

The details of the Group's government bonds classified as held to maturity financial assets are as follows:

31 December 2015			
Held to maturity financial assets	Cost	Fair Value	Carrying Value
Financial instruments	14.970.923	18.140.554	17.629.783
	14.970.923	18.140.554	17.629.783
31 December 2014			
Held to maturity financial assets	Cost	Fair Value	Carrying Value
Financial instruments	14.964.623	18.042.846	17.086.309
	14.964.623	18.042.846	17.086.309

As at 31 December 2014, the maturity of TL 5.000.000 nominal value of held to maturity financial assets is 1 April 2020, TL 10.000.000 nominal value of held to maturity financial assets is 26 December 2015.(As at 31 December 2013, the maturity of TL 5.000.000 nominal value of held to maturity financial assets is 1 April 2020).

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9. FINANCIAL LIABILITIES

Financial Payables	31 December 2015	31 December 2014
Payables to Stock Exchange Money Market	1.598.413.000	2.170.773.000
Payables from bills	1.242.874.183	210.121.793
Short-term bank borrowings	311.930.812	739.444.538
Long-term bank borrowings	133.900.419	87.234.875
Short-term portion of long term bank loans	79.632.846	107.099.464
Short-term factoring payables	15.576.328	8.692.503
Interest accruals on payables to Stock Exchange Money Markets	7.974.926	10.370.848
Accrued interest on bank borrowings	11.566.984	1.920.980
Long-term finance lease liabilities	1.414.970	2.128.205
Short-term portion of long-term finance lease liabilities	1.042.324	1.419.326
	3.404.326.792	3.339.205.532

As at 31 December 2015 and 31 December 2014, interest rates and maturities of bank borrowings are as follows:

31 December 2015					
Description	Amount	Currency Type	Interest Rate (%)	Maturity	Amount TL
Principal	525.464.077	TL	7,85-16,50	04.01.2016-10.06.2020	525.464.077
Interest accrual	11.566.984	TL			11.566.984
	537.031.061				537.031.061

31 December 2014					
Description	Amount	Currency Type	Interest Rate(%)	Maturity	Amount TL
Principal	933.778.877	TL	7,55-15,50	02.01.2015-15.02.2019	933.778.877
Interest accrual	1.920.980	TL			1.920.980
	935.699.857				935.699.857

As at 31 December 2015 and 31 December 2014, interest rates and maturities of payables to stock exchange money market are as follows:

31 December 2015					
Description	Amount	Currency Type	Interest Rate (%)	Maturity	Amount TL
Principal	1.598.413.000	TL	12,00-15,15	04.01.2016-19.02.2016	1.598.413.000
Interest accrual	7.974.926	TL			7.974.926
	1.606.387.926				1.606.387.926

31 December 2014					
Description	Amount	Currency Type	Interest Rate (%)	Maturity	Amount TL
Principal	2.170.773.000	TL	8,35- 10,90	02.01.2015 - 03.02.2015	2.170.773.000
Interest accrual	10.370.848	TL			10.370.848
	2.181.143.848				2.181.143.848

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9. FINANCIAL LIABILITIES (cont'd)

Interest rates and maturities of payables to stock exchange money market are as follows:

31 December 2015		
	Future minimum lease payments	Present value of minimum lease payments
0-1 year	1.325.615	1.042.324
1-2 years	896.615	713.313
2-5 years	805.873	701.657
Future financial expenses	(570.809)	-
Present value of leasing liabilities	2.457.294	2.457.294
Debts payable within 12 months (presented in short term liabilities)		(1.042.324)
Debts payable after 12 months		1.414.970
31 December 2014		
	Future minimum lease payments	Present value of minimum lease payments
0-1 year	1.836.058	1.419.326
1-2 years	1.203.908	927.811
2-5 years	1.480.128	1.200.394
Future financial expenses	(972.563)	-
Present value of leasing liabilities	3.547.531	3.547.531
Debts payable within 12 months (presented in short term liabilities)		(1.419.326)
Debts payable after 12 months		2.128.205

The Group purchases tool sets and production machines for its orthopaedics, medical and surgical operations and furniture and fixtures for its restaurant operations through leasing.

As at contract date the interest rates related to financial lease transactions are fixed for the whole leasing period. Average yearly effective interest rate for contracts in Euro is 11.00%, for contracts in US Dollar is 8.00% and for contracts in TL range between 10,94%-24,39% (31 December 2014: Average yearly effective interest rate for contracts in Euro is 11.22%, for contracts in US Dollar is 8.05%, for contracts in TL range between 14.50%-26.2%).

10. OTHER FINANCIAL LIABILITIES

	31 December 2015	31 December 2014
Liabilities from short selling transactions ^(*)	12.959.974	9.783.531
	12.959.974	9.783.531

^(*) As of 31 December 2015 liabilities from short selling transactions comprised of share certificates having nominal value amounting TL 1.644.070 (31 December 2014: TL 1.219.879).

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11. TRADE RECEIVABLES AND PAYABLES

Current trade receivables	31 December 2015	31 December 2014
Receivables from customers	411.859.377	390.520.607
Receivables from clearing houses on derivative transactions	500.393.919	363.920.154
Receivables from credit customers	442.155.694	294.485.716
Receivables from clearing houses	268.507.451	138.998.614
Purchase of nonperforming loans	161.966.438	164.657.280
Due from related parties	7.417.053	4.268.318
Commission and fund management fee receivables	681.782	1.001.008
Other trade receivables	22.064.026	22.993.348
Doubtful trade receivables	12.586.145	5.456.626
Provisions for doubtful trade receivables (-)	(12.586.145)	(5.456.626)
	1.815.045.740	1.380.845.045

As at 31 December 2015, the average interest rates applied to customers on margin trading are 15,02% (31 December 2014: 15,76%).

As at 31 December 2015, the Group holds the equity shares of the listed entities as collaterals received in relation to receivables from customers on margin trading with an amount of TL 887.472.925 (31 December 2014: TL 574.202.661).

As at 31 December 2015, the Group holds letters of guarantee with an amount of TL 94.631.645 in relation to the derivative transactions of its customers (31 December 2014: TL 82.735.332).

Short term trade payables	1 January- 31 December 2015	1 January- 31 December 2014
Payables to customers	695.966.676	564.031.416
Payables to clearing houses on derivative transactions	494.066.580	362.504.520
Payables to clearing house	101.784.655	18.093.692
Trade payables	36.691.025	12.333.793
Due to related parties	3.804.331	6.471.772
Other trade payables	5.011.250	17.777.268
	1.337.324.517	981.212.461

Long term trade payables	31 December 2015	31 December 2014
Trade payables	-	1.881.678
	-	1.881.678

Doubtful Trade Payables Transactions	31 December 2015	31 December 2014
Opening balance	5.456.626	3.434.781
Provisions for the year (Note 29)	10.664.257	4.573.176
Cancelled provisions	(1.709.535)	-
Receipts	(1.825.203)	(2.551.331)
	12.586.145	5.456.626

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12. OTHER RECEIVABLES AND PAYABLES

Other current receivables	31 December 2015	31 December 2014
Deposits and guarantees given	109.010.557	49.125.930
Collaterals given for futures	17.827.800	13.508.574
Due from related parties (Note 6)	6.613.133	6.864.768
Other receivables	3.130.505	1.012.186
	136.581.995	70.511.458

Other non-current receivables	31 December 2015	31 December 2014
Deposits and guarantees given	929.835	720.760
Due from related parties (Note 6)	150	150
Other receivables	-	161.407
	929.985	882.317

Other short-term payables	31 December 2015	31 December 2014
Taxes and fund payables	9.967.556	7.707.841
Due to related parties (Note 6)	1.002.929	14.430
Other payables	7.086.019	1.686.347
	18.056.504	9.408.618

Other long-term payables	31 December 2015	31 December 2014
Other payables	1.608.095	-
Due to related parties (Note 6)	2.626.810	-
	4.234.905	-

13. RECEIVABLES AND PAYABLES FROM FINANCIAL SECTOR OPERATIONS

Since the Group operates in finance sector, this account item has not been used.

14. INVENTORIES

Inventories	31 December 2015	31 December 2014
Trading goods and other inventories, net	72.241.328	52.596.621
	72.241.328	52.596.621

15. BIOLOGICAL ASSETS

None (31 December 2014:None).

16. ASSETS RELATED TO ONGOING CONSTRUCTION CONTRACTS

None (31 December 2014:None)

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17. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

As at 31 December 2015 and 31 December 2014, the details of the Group's associates and joint ventures are as follows:

	Shareholding interest (%)		Main business area
	31 December 2015	31 December 2014	
Radore	25,50	28,50	Data Services
Mika Tur	20,00	-	Travel Agency

Summary financial information of the Group's associate is as follows:

	31 December 2015	31 December 2014 ^(*)
Total assets	29.526.684	23.640.355
Total liabilities	(11.380.047)	(5.247.235)
Net assets	18.146.637	18.393.120

The Group's share in associate's net assets	3.694.628	5.242.039
Goodwill in equity accounted investees	17.957.415	11.966.879
Intangible assets	3.361.410	-
Investments in equity accounted investees	25.013.453	17.208.918

Goodwill in equity accounted investees:

Associates and joint ventures	31 December 2015	31 December 2014
Radore	7.607.415	11.966.879
Mika Tur	10.350.000	-
Toplam	17.957.415	11.966.879

	1 Ocak- 31 December 2015	1 Ocak- 31 December 2014
Revenue	13.077.128	11.669.579
Profit/(Loss) for the period	(2.878.838)	1.021.341
The Group's share in the profit/(loss) of associates	(734.104)	291.082

RADORE:

With the decision of the Board of Directors on 2 October 2014, the Group decided to participate in capital increase of Radore Veri Hizmetleri A.Ş. ("Radore") which operates in data center management of information technologies industry with TL 8.750.000 and to acquire 28,50% share of Radore by acquisition from existing shareholders for TL 8.750.000 General Directorate signed a Capital Associates, Shares and Shareholders Agreement ("Agreement") with Doğuş SK Girişim Sermayesi Yatırım Ortaklığı A.Ş. which will invest the same amount and conditions, Radore and the existing shareholders of Radore and partnership transactions were completed on 1 December 2014.

	31 December 2015	31 December 2014 ^(*)
Total assets	29.526.684	23.640.355
Total liabilities	(11.380.047)	(5.247.235)
Net assets	18.146.637	18.393.120
The Group's share in associate's net assets	3.694.628	5.242.039
Goodwill in equity accounted investees	7.607.415	11.966.879
Intangible assets	3.361.410	-
Investments in equity accounted investees	14.663.453	17.208.918

^(*) By the end of the reporting period, the Group has not completed the final valuation of the assets and liabilities of Radore yet due to ongoing valuation of intangible assets. Therefore, the fair value of assets and liabilities presented as provisionally in the table above. Its work was terminated and the transaction 31 December 2015 are presented below:

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17. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES (cont'd))

Özkaynak yöntemi ile değerlendirilen Radore'nin hareketleri aşağıdaki gibidir:

	31 December 2014 Pre-valuation	31 December 2014 Pre-valuation
The Group's share in associate's net assets	4.949.643	5.242.039
Goodwill in equity accounted investees	8.502.405	11.966.879
Intangible assets	3.756.870	-
Investments in equity accounted investees	17.208.918	17.208.918
	2015	2014
Balance at 1 January	17.208.918	-
Share of Profit/Loss of Equity Accounted Investees, Net of Income Tax	(734.000)	(291.082)
Goodwill in equity accounted investees	-	8.502.405
Change in goodwill in equity accounted investees because of share sale ^(*)	(894.990)	-
Increase in the Group's share of net assets of subsidiaries	-	5.240.725
Decrease in the Group's share of net assets of subsidiaries because of share sale ^(*)	(521.015)	-
Decrease in the intangible assets because of share sale ^(*)	(395.460)	-
Increase in value of the tangible assets	-	3.756.870
Balance at 31 December 2015	14.663.453	17.208.918

^(*) At 19 June 2015, Radore's shares which are equal to %3 of Radore's capital sold to Mustafa Selçuk Sarac and about this sale, Radore, Zeki Kubilay Akyol, Doğuş SK Girişim Sermayesi Yatırım Ortaklığı A.Ş. and Mustafa Selçuk Sarac signed Shares and Capital Shares Sales Associates, Shares and Shareholders Agreement 2. Amended Protocol ("Agreement"). These sales transactions took place on July 29, 2015.

	31 December 2014 ^(*)		
	Carrying Value	Fair Value	Share of Group
Cash and cash equivalents	15.110.683	15.110.683	4.306.545
Trade and other receivables	1.872.743	1.872.743	533.732
Other assets	1.686.708	1.686.708	480.712
Tangible assets	9.392.273	9.392.273	2.676.798
Intangible assets	16.363	-	16.363
Intangible assets-customer relations	-	13.182.000	3.756.870
Financial liabilities	3.857.537	3.857.537	1.099.398
Trade payables	1.655.850	1.655.850	471.917
Deferred tax liabilities	726.790	3.362.790	958.395
Other liabilities	813.118	813.118	243.440
Total net assets	21.025.475	31.571.475	8.997.870
Consideration paid	-	-	(17.500.000)
Goodwill	-	-	(8.502.130)

^(*)After completion of the valuation of work in 2015, figures are presented.

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17. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES (cont'd)

	31 December 2014 ^(*)		
	Carrying Value	Fair Value	Share of Group
Cash and cash equivalents	18.351.831	18.351.831	5.230.272
Trade and other receivables	1.925.522	1.925.522	548.774
Other assets	1.219.036	1.219.036	347.425
Tangible assets	786.434	786.434	224.134
Intangible assets	4.092.476	4.092.476	1.166.356
Financial liabilities	5.218.149	5.218.149	1.487.172
Trade payables	1.430.578	1.430.578	407.715
Other liabilities	312.111	312.111	88.953
Total net assets	19.414.461	19.414.461	5.533.121
Consideration paid	-	-	(17.500.000)
Goodwill	-	-	(11.966.879)

^(*) December 31, 2014 the end of the reporting period, the Company's assets and liabilities due to the Radore continues valuation of intangible assets has not yet completed its final valuation work. Therefore, the fair value of assets and liabilities presented in the table above were determined temporarily.

Mika Tur (Tatil Budur):

The company purchased Tatil Budur's shares, corresponding to 20% (twenty percent) of the share capital, from "Ahmet Kara, Beşir Kara, Çetin Yılmaz, Timuçin Kuş, Gencer Öztürk and Derya Bülent Kuş" the existing shareholders of Tatil Budur, On 6 November 2015, The purchase price will be applied in accordance with terms and conditions to be determined depending on the specific share price correction mechanism. The company has had 20% share in Tatil Budur, over the value of TL 11.5 Million with the actual level of net working capital and net financial debt at the closing date and as of end of September 2015 Based on the last 12 months gross profit level to be changed according to correction mechanism depending on the condition. At the closing date TL 10.350.000 Some of The final amount will be formed depending on the specified parameters, has been paid in cash to the shareholders, Payment amount will be calculated based on the company's last 12 month financial statements, which will be finalized as of September 30 2015 will be paid to shareholders later, that amount has not been clarified yet.

As at the end of 2015 reporting period, the Company have not completed valuation of asset and liabilities of Tatil Budur yet because of valuation of intangible asset is continuing. Therefore, the fair value of assets and liabilities presented in the table below is defined as temporary.

	31 December 2015		
	Carrying Value	Fair Value	Share of Group
Cash and cash equivalents	2.546.000	2.546.000	509.200
Trade and other receivables	49.770.000	49.770.000	9.954.000
Other assets	2.876.000	2.876.000	575.200
Tangible assets	2.472.000	2.472.000	494.400
Intangible assets	849.000	849.000	169.800
Financial liabilities	1.613.000	1.613.000	322.600
Trade payables	54.547.000	54.547.000	10.909.400
Other liabilities	4.860.000	4.860.000	972.000
Total net assets	(2.507.000)	(2.507.000)	(501.400)
Consideration paid	-	-	10.350.000
Goodwill	-	-	10.350.000

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18. GOODWILL

Each Cash-Generating Unit ("CGU") to be distributed to the carrying value of goodwill is as follows:

	31 December 2015	31 December 2014
Ortopro	9.206.500	9.206.500
Toksöz	19.429.606	19.429.606
Numnum	12.687.774	12.687.774
Ortopro impairment	(2.730.033)	(2.730.033)
	38.593.847	38.593.847

As three separate CGUs, valuations of Ortopro, Toksöz and Numnum were conducted by an independent valuation firm. Income and market approaches have been used for determining the fair values of Ortopro, Toksöz and Numnum. Analysis is made mostly using income approach (discounted cash flow method) method while lower weight is applied for values determined using similar transactions.

5-year business plans prepared by the management have been used. Growth in business of Ortopro, Toksöz and Numnum stems from the opportunities in the industry and new customer acquisitions.

The significant assumptions used in the calculation of the recoverable amount are discount rate and terminal growth rate. These assumptions are as follows:

	Pre-tax discount rate	Net Growth Rate
Ortopro	%17 - %18	%4 - %5
Toksöz	%17 - %18	%4 - %5
Numnum	%17 - %18	%4 - %5

The group as a result of impairment test performed by using the assumptions mentioned above, in the current year, additional goodwill impairment provisions has been made.

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19. TANGIBLE ASSETS

Cost	Machinery and Equipment			Vehicles Furniture and Fixtures Other Tangible Assets			Leasehold Improvement		Total
Opening balances at 1 January 2015	10.500.923	-	688.577	32.190.076	1.188.368	-	32.956.916	77.324.860	
Foreign currency translation differences	-	-	-	219.302	-	-	162.999	382.301	
Classification (Note 2)	-	-	-	(507.694)	-	-	-	(507.694)	
Additions	1.474.204	-	295.195	3.158.520	76.450	-	4.162.936	9.167.305	
Disposal	(10.501)	-	(76.409)	(81.807)	-	-	(1.700.112)	(1.868.629)	
Closing balances at 31 December 2015	11.764.826	-	907.363	34.978.397	1.264.818	-	35.582.739	84.498.143	
Accumulated depreciation									
Opening balances at 1 January 2015	(8.067.256)	-	(379.508)	(16.058.522)	(876.919)	-	(17.119.810)	(42.502.015)	
Foreign currency translation differences	-	-	-	(164.147)	-	-	(146.431)	(310.578)	
Charge for the period	(732.305)	-	(108.646)	(4.061.088)	(166.764)	-	(4.397.653)	(9.466.456)	
Disposal	8.501	-	67.010	23.622	-	-	494.610	593.743	
Closing balance at 31 December 2015	(8.791.060)	-	(421.144)	(20.260.135)	(1.043.683)	-	(21.169.284)	(51.685.306)	
Carrying value as at 1 January 2015	2.233.667	-	309.069	16.131.554	311.449	-	15.837.106	34.822.845	
Carrying value as at 31 December 2015	2.973.766	-	486.219	14.718.262	221.135	-	14.413.455	32.812.837	
Cost	Machinery and Equipment			Vehicles Furniture and Fixtures Other Tangible Assets			Leasehold Improvement		Total
Opening balances at 1 January 2014	9.440.804	-	1.035.234	25.975.514	4.668.786	-	27.169.741	68.290.079	
Foreign currency translation differences	-	-	-	50.533	-	-	19.950	70.483	
Additions	906.611	-	-	7.056.439	694.967	-	6.342.379	15.000.396	
Disposal	(46.492)	-	(346.657)	(892.410)	(4.175.385)	-	(575.154)	(6.036.098)	
Closing balances at 31 December 2014	10.300.923	-	688.577	32.190.076	1.188.368	-	32.956.916	77.324.860	
Accumulated depreciation									
Opening balances at 1 January 2014	(7.409.299)	-	(389.645)	(13.787.018)	(4.351.252)	-	(13.173.696)	(39.110.910)	
Foreign currency translation differences	-	-	-	(32.686)	-	-	(16.048)	(48.734)	
Charge for the period	(682.486)	-	(193.505)	(2.578.332)	(652.146)	-	(4.228.852)	(8.335.321)	
Disposal	24.529	-	203.642	339.514	4126.479	-	298.786	4.992.950	
Closing balances at 31 December 2014	(8.067.256)	-	(379.508)	(16.058.522)	(876.919)	-	(17.119.810)	(42.502.015)	
Carrying value as at 1 January 2014	2.031.505	-	645.589	12.188.496	317.534	-	13.996.045	29.179.169	
Carrying value as at 31 December 2014	2.233.667	-	309.069	16.131.554	311.449	-	15.837.106	34.822.845	

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20. INTANGIBLE ASSETS

Cost	Patent, License, Leasing Agreements	Computer software and licenses	Total
Opening balance at 1 January 2015	29.814.862	13.115.435	42.930.297
Exchange differences	-	267.025	267.024
Classification (Note 2)	507.694	-	507.694
Disposal	-	(88.802)	(88.802)
Additions	25.306	6.844.883	6.870.189
Closing balance at 31 December 2015	30.347.862	20.138.541	50.486.403
Accumulated amortization			
Opening balance at 1 January 2014	(10.486.819)	(9.808.315)	(20.295.134)
Exchange differences	-	(220.429)	(220.429)
Disposal	-	39.757	39.757
Charge for the period	(4.794.861)	(2.403.654)	(7.198.515)
Closing balance at 31 December 2015	(15.281.680)	(12.392.641)	(27.674.321)
Carrying value at 1 January 2015	19.328.043	3.307.120	22.635.163
Carrying value as at 31 December 2015	15.066.182	7.745.900	22.812.082
Cost	Patent, License, Leasing Agreements	Computer software and licenses	Total
Opening balance at 1 January 2014	29.733.000	11.463.419	41.196.419
Exchange differences	-	30.409	30.409
Business combination	-	133.000	133.000
Disposal	-	(31.550)	(31.550)
Additions	81.862	1.520.157	1.602.019
Closing balance at 31 December 2014	29.814.862	13.115.435	42.930.297
Accumulated amortization			
Opening balance at 1 January 2014	(5.804.069)	(7.836.998)	(13.641.067)
Exchange differences	-	(19.992)	(19.992)
Business combinations	-	(77.000)	(77.000)
Disposals	-	23.470	23.470
Charge for the period	(4.682.750)	(1.897.795)	(6.580.545)
Closing balance at 31 December 2014	(10.486.819)	(9.808.315)	(20.295.134)
Carrying value at 1 January 2014	23.928.931	3.626.421	27.555.352
Carrying value as at 31 December 2014	19.328.043	3.307.120	22.635.163

21. GOVERNMENT INCENTIVES AND GRANTS

None. (31 December 2014: None)

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22. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Current provisions	31 December 2015	31 December 2014
Legal claims	1.232.857	673.532
Tax penalty provision	-	132.873
Other liabilities and expense accruals	-	30.176
	1.232.857	836.581

1 January-31 December 2015				
	Legal claims	Tax penalty provision	Other	Total
Opening balance	673.532	132.873	30.176	836.581
Charge for the period	934.861	-	-	934.861
Payments and cancellations	(375.536)	(132.873)	(30.176)	(538.585)
Closing balance	1.232.857	-	-	1.232.857

1 January-31 December 2014				
	Legal claims	Tax penalty provision	Other	Total
Opening balance	-	791.199	12.499	803.698
Charge for the period	673.532	10.495	31.392	715.419
Payments and cancellations	-	(668.821)	(13.715)	(682.536)
Closing balance	673.532	132.873	30.176	836.581

Details of the nominal amounts of government bonds and treasury bills, equity shares, eurobonds and mutual funds belonging to customers and held for custody purposes are as follows:

	31 December 2015	31 December 2014
Government bonds and treasury bills (customer portfolio)	985.149.621	899.363.033
Eurobond	261.381.836	335.434.818
Equity shares	6.985.696.692	6.084.792.344
Mutual funds - units	60.606.464.056	71.647.092.496

As at 31 December 2015 and 2014, letters of guarantee and promissory notes given by the Group are as follows:

	31 December 2015	31 December 2014
İstanbul Takas ve Saklama Bankası A.Ş.	2.287.000.000	2.812.500.000
Borsa İstanbul A.Ş.	59.314.537	63.978.000
Sermaye Piyasası Kurulu	12.101.776	12.101.776
Other	95.752.807	72.346.667
	2.454.169.120	2.960.926.443

As at 31 December 2015, letters of guarantee and promissory notes amounting to TL 2.454.169.120 given by the Group contains USD 23.489.562 that equals to TL 68.298.251, EUR 327.776 that equals to TL 1.041.540 and GBP 5.000.000 that equals to TL 21.503.500 (31 December 2014: USD 28.083.260 that equals to TL 65.122.271, EUR 65.000 that equals to TL 183.345 and GBP 5.000.000 that equals to TL 17.980.500).

The Company and its subsidiaries operating in Turkey with activities in securities brokerage and portfolio management maintain their capitals in accordance and in compliance with the Capital Markets Board Communiqué Serial: V, No: 34 "Principles of Capital and Capital Adequacy of Brokerage Houses" ("Communiqué Serial: V, No: 34"). The Group is in compliance with the capital adequacy requirements as at 31 December 2015 and 2014.

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22. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

Guarantee/pledge/mortgage ("GPM") position of the Group as at 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Guarantees/Pledges/Mortgages given by the Company		
A. GPM given on behalf of its own legal entity	2.358.989.273	2.889.611.243
GPM	2.358.989.273	2.889.611.243
Financial investments	-	-
B.GPM given on behalf of consolidated subsidiaries	88.378.300	71.315.200
GPM	88.378.300	71.315.200
Financial investments	-	-
C. Total amount of GPM given on behalf of other third parties' debt	-	-
D. Other GPM	-	-
i. Total amount of GPM given on behalf of the Parent	-	-
ii. Total amount of GPM given on behalf of other	-	-
iii. Total amount of GPM given on behalf of third parties not covered in C	-	-
TOTAL	2.447.367.573	2.960.926.443

As at 31 December 2015, GPM, amounting to TL 88.378.300 given for fully consolidated subsidiaries, contains USD 23.000.000 that equals to TL 66.874.800 and GBP 5.000.000 that equals to TL 21.503.500 (31 December 2014: GPM, amounting to TL 71.315.200 given for fully consolidated subsidiaries, contains USD 23.000.000 that equals to TL 53.334.700 and GBP 5.000.000 that equals to TL 17.980.500). Proportion of GPM to the Group's equity as at 31 December 2015 is 269% (31 December 2014: 309%).

23. COMMITMENTS

Derivative commitments and option agreements of the Group as at 31 December 2015 and 2014 are as follows:

Derivatives instrument description	31 December 2015			
	SHORT POSITION		LONG POSITION	
	Notional Amount	Notional Amount (TL)	Notional Amount	Notional Amount (TL)
Foreign currency based				
Option agreements	30.805.485	46.747.937	15.054.487	45.797.427
Forward and swap agreements	2.855.211.414	4.604.276.320	3.966.037.935	4.613.108.294
Futures agreements	260.000	769.941	-	-
Index based				
Option agreements	13.906.600	372.756	20.608.060	544.902
Forward and swap agreements	-	-	-	-
Futures agreements	344.100	12.897.033	5.500	12.881.013
Other	46.193.317	3.386.176	1.388.298	149.939

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23. COMMITMENTS (cont'd)

Derivatives instrument description	31 December 2014			
	SHORT POSITION		LONG POSITION	
	Notional Amount	Notional Amount (TL)	Notional Amount	Notional Amount (TL)
Foreign currency based				
Option agreements	5.605.153.288	1.416.365.597	6.523.750.500	1.444.239.799
Forward and swap agreements	2.797.267.530	3.162.523.019	3.010.801.152	3.128.495.367
Futures agreements	408.000	2.717.066	733.000	2.724.107
Index Based				
Option agreements	540.248	19.556	1.394.075	598.195
Forward and swap agreements	-	-	-	-
Futures agreements	10.100	18.918.337	203.000	17.666.862
Other	12.244.515	1.480.155	232.310	21.469

24. PROVISIONS RELATED TO EMPLOYEE BENEFITS

Short-term employee benefits:

	31 December 2015	31 December 2014
Unused vacation pay liability and miscellaneous bonus provision	13.374.878	11.250.844

In accordance with the existing social legislation in Turkey, the Group is required to make payments for unused vacation days when the personnel leave from the company. Vacation pay liability is the undiscounted amount calculated over the unused vacation days of the employees.

Long-term employee benefits:

	31 December 2015	31 December 2014
Employee severance pay liability	4.855.934	4.571.657
Bonus provision for employees	586.179	1.652.078
Total	5.442.113	6.223.735

Under the Turkish Labour Law, the Group is required to pay employment termination benefits to each entitled employee to receive such benefits.

The applicable retirement pay provision ceiling as at 31 December 2015 is TL 3.828 for the calculation of employment termination benefits (31 December 2014: TL 3.438). The retirement pay provision ceiling is revised semi-annually, and TL 3.828, which is effective from 1 September 2015, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2014; The retirement pay provision ceiling effective from 1 July 2014 amounts to TL 3.438).

The liability is not funded, as there is no funding requirement. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying statement of financial position as at 31 December 2015, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. The provision at the respective balance sheet date has been calculated assuming an annual inflation rate of 6,20% (31 December 2014: 5%) and a discount rate of 10,80% (31 December 2014: 8,67%) resulting in a real discount rate of approximately 4,60% (31 December 2014: 3,50%). The anticipated rate of forfeitures is also considered.

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24. PROVISIONS RELATED TO EMPLOYEE BENEFITS (cont'd)

	31 December 2015	31 December 2014
Opening balance, 1 January	4.571.657	3.939.044
Service cost	966.300	654.716
Interest cost	629.225	351.575
Payments made during the year	(1.619.782)	(1.545.215)
Actuarial difference	308.534	1.171.537
Provision for employee benefits	4.855.934	4.571.657

Retirement Benefits

Beginning from 2006, the Group has started to contribute certain amount of private pension payments for its employees. In the current year, total contributions paid amount to TL 596.279 whereas in aggregate it is TL 2.963.370 (Contributions paid as at 31 December 2014 is TL 512.217 and cumulative payment is TL 2.367.091).

25. OTHER ASSETS

Other current assets	31 December 2015	31 December 2014
Income accruals	670.884	245.989
Deferred VAT	6.962.856	5.236.667
Advances given for purchases	472.185	463.307
Business advances	221.322	4.698
Personnel advances	123.119	165.350
Other	1.078.887	89.140
	9.529.253	6.205.151

Other short-term liabilities	31 December 2015	31 December 2014
Expense accruals	4.307.631	3.016.163
Advances received	-	9.174
Deferred Income	1.095.366	1.111.695
Other	3.216.356	386.595
	8.619.353	4.523.627

Other long-term liabilities	31 December 2015	31 December 2014
Income related to future years	-	700.782
	-	700.782

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26. EQUITY

a. Capital

The capital structure of the Company as at 31 December 2015 and 31 December 2014 are as follows:

Shareholders	31 December 2015		31 December 2014	
	Share (%)	Amount	Share (%)	Amount
Türkiye İş Bankası AŞ (Group A)	0,05	150.000	0,05	150.000
Türkiye İş Bankası AŞ (Group B)	66,69	236.790.495	65,61	217.818.032
Publicly-held (Group B)	28,22	100.184.825	29,31	97.315.366
Other (Group B)	5,04	17.874.680	5,03	16.716.602
Total	100,00	355.000.000	100,00	332.000.000

The authorised share capital ceiling of the Company is TL 600.000.000 and paid-in capital of the Company is TL 355.000.000 (31 December 2014: TL 332.000.000 TL).

The capital has been divided into 355.000.000 (Three Hundred Fifty Five Million) shares each having a value of TL 1.00 (31 December 2014: 332.000.000). TL 150.000 of the shares is Group A (31 December 2014:150.000 TL), and TL 354.850.000 is Group B shares (31 December 2014: TL 331.850.000). According to the Articles of Association, additional Group A shares cannot be issued during new capital increases. Six members of the Board of Directors out of nine are elected among the nominees determined by Group A shareholders and three members by Group B shareholders.

By the decision of Board of Directors dated 16 April 2015, the share capital of the Company was increased by TL 23.000.000 from retained earnings.

b. Fair Value Reserve

	1 January- 31 December 2015	1 January- 31 December 2014
Opening balance	6.048.552	4.653.440
Increase/(decrease) in value of assets available for sale	4.622.216	1.395.112
Closing balance	10.670.768	6.048.552

Fair Value Reserve:

Fair value reserve arises from the measurement of available-for-sale financial assets at their fair value. In case of disposal of assets carried at fair value, the cumulative gain or loss related to that assets previously recognized in equity is included in the the statement of profit or loss for the period. Gains and losses arising from changes

b. Fair Value Reserve (cont'd)

in fair value are recognized directly in equity, until the asset is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the the statement of profit or loss for the period.

c. Foreign Currency Translation Differences

Foreign currency translation differences consist of foreign currency exchange rate differences arising from remeasurement of foreign currency financial statements into Turkish Lira.

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26. EQUITY(cont'd)

d. Restricted Reserves

	31 December 2015	31 December 2014
Legal reserves	46.041.720	37.930.567
Statutory reserves	50.862	50.862
Total	46.092.582	37.981.429

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code, are not distributable to shareholders. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

e. Prior Year's Profit

The prior year's profit and extraordinary reserves disclosed in prior year's profit in the statement of financial position of the Group as at 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Extraordinary reserves	384.182	30.946.481
Extraordinary reserves (belongs to consolidated subsidiaries and associates)	19.817.477	33.412.159
Remeasurement gains of defined benefit plans (including tax effect)	(716.042)	(533.447)
Prior year's profit	76.910.186	48.016.377
Total	96.395.803	111.841.570

Profit Distribution:

In accordance to with the Capital Markets Board's "Profit Distribution Communiqué" Serial: II No:19.1 distributable profit will determined by the General Assembly in accordance with the dividend policy and provisions of the relevant legislation dispenses with the decision of the General Assembly.

At the Ordinary General Assembly Meeting of the Company held on 24 March 2015, the company decided to distribute dividend to shareholders 30,946,481 TL from extraordinary reserves account and 16,053,519 TL from 2014 profit for a total 47 million TL. Dividend was paid on 26 March 2015.

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26. EQUITY(cont'd)

f. Other Reserves

Other reserves comprised of profit or loss related with the sale of shares while retaining control and increase in share capital (non-reciprocal capital contributions made by a parent or NCI to non-wholly owned subsidiary) after obtained control of a subsidiary which changes its ownership interest in that subsidiary without losing control by buying shares from the non-controlling interest at the beginning of the period. The effects of these transactions on the non-controlling interests in the accompanying consolidated financial statements are allocated to proportionally to non-controlling interest and classified as "non-controlling interests".

	1 January- 31 December 2015	1 January- 31 December 2014
Opening Balance	1.753.763	1.753.763
Changes in non-controlling interest	-	-
Closing Balance	1.753.763	1.753.763

g. Change in non-controlling interests

Shares of net assets of the subsidiaries that are directly or indirectly not under control of the equity holders of the Company are classified as "non-controlling interests" in the statement of financial position.

	1 January- 31 December 2015	1 January- 31 December 2014
Opening balance	400.638.109	398.953.308
Profit for the year attributable to non-controlling interest portion	(18.067.049)	29.674.440
Re-measurement gains of defined benefit plans (including tax effect)	(16.443)	(697.814)
Fair value reserve	344.499	147.401
Foreign currency translation differences	(1.671.231)	-
Increase in share capital of subsidiaries	-	1.232.789
Changes in non-controlling interest	115.869	568.143
Dividends paid	(31.312.602)	(29.240.158)
Closing balance	350.031.152	400.638.109

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27. REVENUE AND COST OF SALES

	1 January- 31 December 2015	1 January- 31 December 2014
Sales revenue		
Sales of equity shares and certificates	27.496.942.756	28.161.563.059
Sales of private sector bonds	18.854.737.703	17.565.924.315
Sales of government bonds	8.486.939.716	16.324.663.005
Sales of warrants	1.577.411.418	469.975.733
Sales of mutual funds	794.865.114	539.487.427
Sales of equity accounted investees	2.606.324	-
Other	232.429.880	203.760.604
Total	57.445.932.911	63.265.374.143

Cost of Sales

Purchase of equity shares and certificate	(27.506.021.329)	(28.147.939.481)
Purchase of private sector bonds	(18.854.074.521)	(17.560.345.614)
Purchase of government bonds	(8.495.753.312)	(16.313.308.463)
Purchase of warrants	(1.554.230.374)	(465.316.122)
Purchase of mutual funds	(792.700.273)	(534.057.391)
Purchases of treasury bills	(2.647.838)	(2.673.838)
Purchase of equity accounted investees	(1.850.400)	-
Other	(172.629.099)	(131.658.509)
Total	(57.379.907.146)	(63.155.299.418)

Interest income from operating and derivative activities, (net)

Derivative income / (expenses) (net)	283.712.983	213.894.720
Interest income / (expenses) (net)	132.376.676	134.224.977
Government bond income	27.245.215	26.454.134
Private sector bond income	11.200.101	10.968.832
Interest expenses on bank loans	(41.043.705)	(52.355.794)
Interest on financing bonds	(73.748.809)	(27.878.665)
Interest on Stock Exchange Money Market transactions	(243.121.984)	(220.075.265)
Leveraged foreign exchange transaction income/(expense) (net)	30.572.375	21.279.858
Total	127.192.852	106.512.797

Service income

Commission income on trading of equity shares	39.644.727	36.444.851
Commission income on trading of derivative transactions	39.474.242	31.000.254
Portfolio management fees	37.753.939	27.551.808
Corporate finance income	17.858.469	18.565.177
Commission income on trading of repurchase agreements	1.564.179	772.519
Commission income on trading of mutual funds	1.454.435	14.821
Loaned securities transactions income	874.655	280.862
Commission income on trading of debt securities	854.370	768.035
Other commissions and income	2.493.800	2.054.653

Deductions from service income

Commission reimbursements to customers	(3.819.417)	(3.244.910)
Commissions paid to agencies	(2.147.493)	(1.336.840)
Service income (net)	136.005.906	112.871.230

Interest income from customers	47.509.592	42.082.992
Other operating income	798.455	884.517
Other operating income (net)	48.308.047	42.967.509

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28. RESEARCH AND DEVELOPMENTS EXPENSES, MARKETING EXPENSES AND ADMINISTRATIVE EXPENSES

	1 January- 31 December 2015	1 January- 31 December 2014
Research and development expenses	(3.854.297)	(2.984.040)
Marketing expenses	(81.076.681)	(68.581.520)
Administrative expenses	(229.548.572)	(194.960.312)
	(314.479.550)	(266.525.872)

Research and development expenses

Personnel expenses	(3.074.191)	(2.362.832)
Amortization expenses	(179.213)	(92.873)
Transportation expenses	(106.833)	(124.105)
Rent expenses	(68.683)	(110.603)
Other expenses	(425.377)	(293.627)
	(3.854.297)	(2.984.040)

Marketing expenses

Personnel expenses	(22.075.863)	(17.827.194)
Foreign marketable securities transaction fees	(12.704.818)	(7.994.235)
Rent warehouse and store expenses	(9.580.460)	(12.566.326)
Custody expenses	(7.795.653)	(6.365.805)
Equity shares transaction and registration fees	(4.157.906)	(3.030.010)
Derivative instrument transaction fees	(4.092.614)	(4.102.395)
Depreciation and amortization expenses	(3.297.924)	(2.511.431)
Transportation expenses	(1.256.914)	(206.780)
Fixed income securities transaction and registration fees	(1.125.463)	(618.244)
Marketable securities brokerage commission expenses	(63.666)	(55.904)
Securities lending commission expenses	(149.384)	(278.865)
Portfolio management commission expenses	(32.774)	-
Publication and advertisement expenses	(740.521)	(3.586.480)
Other marketing expenses	(14.002.721)	(9.437.851)
	(81.076.681)	(68.581.520)

Administrative expenses

Personnel expenses	(116.661.750)	(104.765.900)
Communication expenses	(24.033.808)	(19.607.961)
Taxes and dues	(21.120.677)	(15.473.287)
Outsourcing expenses	(17.845.678)	(13.799.229)
Rent expenses	(13.088.926)	(11.419.984)
Depreciation and amortization expenses	(10.539.996)	(9.637.724)
Operating expenses	(5.716.933)	(4.952.018)
Board of Directors attendance fees	(2.962.899)	(2.490.257)
Publication and advertisement expenses	(2.885.636)	(2.979.436)
Transportation expenses	(2.835.956)	(2.720.985)
Other administrative expenses	(11.856.312)	(7.113.531)
	(229.548.572)	(194.960.312)

Total operating expenses	(314.479.550)	(266.525.872)
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29. OTHER OPERATING INCOME/(EXPENSE)

	1 January - 31 December 2015	1 January- 31 December 2014
Other operating income		
Reversals of provisions	3.697.787	3.647.370
Commission from cash and marketable securities transactions	805.747	548.789
Gain on sale of tangible assets	-	13.806
Other	4.260.760	4.726.213
Total	8.764.294	8.936.178

	1 January- 31 December 2015	1 January- 31 December 2014
Other operating expenses		
Provisions for doubtful trade receivables (Note 11)	(10.664.257)	(4.573.176)
Paid commission and charges	(1.718.237)	(2.306.731)
Write-off expenses	(505.893)	(390.796)
Disallowable expenses	(341.153)	(291.080)
Provisions	(240.087)	(1.657.179)
Inventory count differences	(141.042)	(117.302)
Goodwill impairment loss	-	(80.033)
Other	(3.638.206)	(1.604.526)
Total	(17.248.875)	(11.020.823)

30. NON-OPERATING FINANCE INCOME

	1 January- 31 December 2015	1 January- 31 December 2014
Interest income on	20.574.353	20.546.527
<i>Times deposits</i>	13.032.307	9.584.050
<i>Private sector bonds</i>	6.265.881	8.430.178
<i>Government bonds and Treasury bills</i>	1.276.165	2.532.299
Foreign currency gains	8.831.839	9.375.562
Dividend income from associates	3.940.018	799.624
Interest income on guarantees	1.939.574	1.987.264
Reverse repo interest income	273.936	125.209
Other financial income	8.951	464.809
Total	35.568.671	33.298.995

31. NON-OPERATING FINANCE COST

	1 January- 31 December 2015	1 January- 31 December 2014
Interest expenses	(37.284.856)	(21.129.220)
<i>Bank borrowings</i>	(37.284.856)	(21.129.220)
Foreign currency losses	(8.194.857)	(7.861.373)
Commission expenses on letters of guarantee	(6.414.530)	(7.001.948)
Repo interest expenses	(246.904)	(15.534)
Other financial expenses	(3.522.900)	(323.735)
Total	(55.664.047)	(36.331.810)

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32. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets Held for Sale

	31 December 2015	31 December 2014
Buildings	10.535.275	4.931.422
Other tangible assets	-	42.240
	10.535.275	4.973.662

33. ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

As of 31 December 2015 and 2014, other comprehensive income accounted in financial income / (expenses) are as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Changes in fair value of available for sale	5.228.121	1.465.387
Changes in foreign currency translation differences	1.299.272	269.169
Tax income/expenses relating to other comprehensive income	(261.406)	77.126
	6.265.987	1.811.682

For the years ended 31 December 2015 and 31 December 2014, defined benefit plans accounted in other comprehensive income are as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Re-measurement gains / losses in defined benefit plans	(308.534)	(1.539.076)
Tax income/expenses relating of other comprehensive income	61.707	307.815
	(246.827)	(1.231.261)

34. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

As at 31 December 2014, the Company is subject to corporation tax at 20% except for domestic subsidiaries that are İş Girişim and İş Yatırım Ortaklığı and including foreign subsidiary, Maxis Investment Sec. Ltd. The corporate tax rate, accordance with the tax laws, added not accepted of disallowable expenses to the income tax reductions, as a result of tax exemptions and reductions in the tax laws, is subject to tax bases. If the profit is not distributed, is not paid any other tax.

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law, which was published in the Official Gazette dated 21 June 2006 and numbered 26805, with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing sets details about implementation of transfer pricing provisions which became effective on 1 January 2007 and are parallel to principles of the OECD (Organization for Economic Cooperation and Development).

Corporate Tax Law Article 13 and transfer pricing communiques in this article clarify the arm's length principle how and in what way to be implemented between related parties.

According to the regulation, if the Corporation the associated person with the arm's length principle to the goods or services to buy or sell at a price or prices which they determined against earnings wholly or partly covered as distributed through transfer pricing. Buying, selling, manufacturing and construction operations, rental and leasing operations, to borrow money receiving and giving, bonuses, operations that require fees and similar payments in every state and condition of goods or services received or regarded as sale.

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34. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

The companies are responsible for filling a form of transfer pricing which is contained in the annual corporate tax return. In this form, the amounts which is related companies within the relevant accounting period and the amounts of all transactions made with the transfer pricing methods related to these transactions is stated.

There is no reconciliation of payable taxes in Turkey with the tax authority is not an implementation. The corporate tax returns are given to depending on tax office until the night of 25th day in the fourth month which is following the close of the accounting period. Nevertheless, the tax authorities review the accounting reports for five years and may change the tax amounts if errors are detected.

Nevotek, the subsidiary of the Group, is subject to current income and corporate income tax in Turkey. However, according to provisional second article of Law 4691 Technology Development Zones and Law 5035, gains from software and R&D activities in technology development zones of income and corporate income tax payers operating in that zone are exempted from income and corporate taxes until 31 December 2013. Also, researchers, programmers and R&D personnel working in these regions, and related fees are exempted from all taxes until 31 December 2013. On 12 March 2011, in accordance with the Law No 6170 Amendments to the Technology Development Zones Law, the date has been extended until 31 December 2023. No tax liability has been recognized in the accompanying financial statements relating to Nevotek since it does have any tax liability estimation from activities other than software and R&D activities.

The Group's subsidiaries in the United Arab Emirates are not subject to corporation tax in this country. The subsidiary's income in California, the United States of America is exposed to both federal and state income tax. The federal tax rate is gradual and between 15% - 35%, the state tax rate is 8,84%.

Taxation for Investment Trusts:

In accordance with the Clause (1) (d) in Article 5 of the Corporate Tax Law No: 5520 and dated 21 June 2006 in effect from 1 January 2006, portfolio management income of the securities investment funds and trusts in Turkey is exempt from tax. This exemption is also applied to the advance corporate tax.

Based on the Clause (3) in Article 15 of the same law, 15% withholding tax is applied on the portfolio management income of the securities investment funds and trusts in Turkey, which is exempt from tax, whether it is distributed or not. In accordance with the Clause (4) of the same article, the Council of Ministers is authorized to reduce this withholding rate to 0% or to increase it up to the corporate tax rate.

In accordance with the Law No: 5527 and the Provisional Article 67 the Clause (1) which were introduced in the Income Tax Law No: 193 with the Law No: 5281 to be applied from 1 January 2006 to 31 December 2015 effective from 1 January 2006, 15%, 10% and 0% withholding tax is applied for securities mutual funds' and trusts' purchase and sale income from securities and other capital market instruments and periodical returns through banks and brokerage companies for the periods of 1 January 2006 - 22 July 2006, 23 July 2006 - 30 September 2006 and subsequent to 1 October 2006, respectively.

As per the Clause (8) of the Provisional Article 67, 15% withholding tax is applied on the securities investment funds established in accordance with the Capital Markets Law (including funds traded on stock exchange, mortgage finance funds and asset finance funds) and securities investment trusts' portfolio income that is exempt from corporate tax, whether distributed or not. There is no further withholding tax for the related income under the Article 94. Upon the decision made by the Council of Ministers numbered 2006/10731 and dated 23 July 2006, the related withholding tax rate was applied as 10% for the period 23 July 2006 - 30 September 2006 and 0% subsequent to 1 October 2006.

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34. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Income Withholding Tax:

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was increased from 10% to 15% effective from 22 July 2006 with the decision made by the Council of Ministers numbered 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Current tax payable	31 December 2015	31 December 2014
Current tax liability	3.739.170	2.875.175
Prepaid taxes and funds	(2.795.764)	(2.320.623)
	943.406	554.552

Tax expense	1 January - 31 December 2015	1 January - 31 December 2014
Current tax expense	(3.739.170)	(2.875.175)
Deferred tax income/(expense)	(7.591.419)	(5.046.462)
Total	(11.330.589)	(7.921.637)
Tax expense from continuing operations	(11.330.589)	(7.921.637)
Tax expense from discontinued operations	-	-
	(11.330.589)	(7.921.637)

Income tax recognized directly in equity	1 January - 31 December 2015	1 January - 31 December 2014
Valuation of available-for-sale financial assets	(261.406)	77.126
Re-measurement gains of defined benefit plans	61.707	(307.815)
	(199.699)	(230.689)

Deferred Tax:

The Group recognizes deferred tax assets and liabilities based upon the temporary differences between its financial statements as reported in accordance with TFRS and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below.

20% of tax is applied in the calculation of deferred tax assets and liabilities (2014: 20%).

	31 December 2015	31 December 2014
Deferred tax assets	28.929.224	14.997.135
Deferred tax liabilities	(25.191.614)	(3.277.831)
Deferred tax assets / (liabilities) (net)	3.737.610	11.719.304

Calculated deferred tax assets and deferred tax liabilities are shown net in the financial statements of different companies subject to consolidation. However, consolidated net deferred tax assets and liabilities are netted in the consolidated assets and liabilities in the financial statements before they are shown separately in the financial statements arising from different companies subject to consolidation.

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34. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Deferred Tax: (cont'd)

Temporary differences subject to deferred tax	31 December 2015	31 December 2014
Income accruals on derivative transactions, net	14.183.725	12.729.099
Useful life differences on tangible and intangible assets	18.644.325	22.043.185
Fair value reserve on financial assets	3.974.735	149.485
Subsidiary valuation differences	(5.523.355)	(5.523.355)
Retirement pay provision	(4.720.185)	(3.127.965)
Employee benefits	(4.159.035)	(7.846.790)
Valuation of marketable securities and loans	318.975	(132.043)
Provision for doubtful receivables	(950.035)	1.626.265
Provision for impairment of inventories	(4.200.675)	(909.710)
Accrued expenses	1.677.485	(3.454.585)
Total	19.245.960	15.553.586
Statutory losses carried forward	(40.718.445)	(78.588.290)
General Total	(21.472.485)	(63.034.704)

Deferred tax assets / (liabilities)	31 December 2015	31 December 2014
Income accruals on derivative transactions, net	(2.836.745)	(2.545.820)
Useful life differences on tangible and intangible assets	(3.728.865)	(4.408.637)
Fair value reserve on financial assets	-	(89.031)
Subsidiary valuation differences	276.168	276.168
Retirement pay provision	944.037	625.593
Employee benefits	831.807	1.569.358
Valuation of marketable securities and loans	(63.795)	26.409
Provision for doubtful receivables	190.007	(325.253)
Provision for impairment of inventories	840.135	181.942
Accrued expenses	(858.828)	690.917
Statutory losses carried forward	8.143.689	15.717.658
Deferred tax assets/(liabilities), net	3.737.610	11.719.304

Movement of deferred tax assets / (liabilities)	31 December 2015	31 December 2014
Opening balance, 1 January	11.719.304	16.629.653
Deferred tax income/(expense)	(7.591.419)	(5.046.462)
Deferred tax income/(expense) recorded in equity	(390.275)	136.113
Closing balance	3.737.610	11.719.304

Tax legislation in Turkey does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, are calculated on a separate-entity basis. Deferred tax assets are recognized when it is probable that the tax benefit will be utilized in the future.

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34. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Deferred Tax: (cont'd)

Total tax charge for the period can be reconciled to the accounting profit as follows:

Reconciliation of tax provision		1 January - 31 December 2015		1 January - 31 December 2014
Profit from operating activities		33.738.959		100.491.847
Taxable profit		33.738.959		100.491.847
Income tax using the Company's domestic tax rate	% 20,00	(6.747.792)	%20,00	(20.098.369)
Tax exempt income	%(19,27)	6.501.069	%(9,59)	9.638.069
Disallowable expenses	%1,01	(341.011)	%(0,02)	(23.601)
Unrecognized statutory losses	%4,18	(1.410.093)	%(0,11)	(107.683)
Unrecognized timing differences	%(2,34)	789.455	-	-
Other	%(3,58)	1.208.371	%(2,66)	2.669.947
Tax expense	%33,58	(11.330.589)	%8,63	(7.921.637)

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. In this context, The Group, according to the best estimates, with the profit that is predicted for the next years, deferred tax assets calculated on tax losses that can be deducted. Accordingly, the Company has calculated deferred tax assets in the amount of TL 8.143.689 for as of 31 December 2015 deferred tax has been subject that can be offset against tax losses amount of TL 40,718,445 . Apart from this, the company has no financial loss was not subject to deferred tax the expiration date of 31 December 2015. Apart from this, one of the Group's company has a financial loss was not subject to deferred tax amounting to TL 7,307,795. In the future, due to lack of probable that taxable profits will be used for the realization of the temporary differences and deferred tax assets have not been recognized for these items.

Maturity distribution of financial losses that have been subject to the deferred tax is as follows:

The expiration date	31 December 2015
31 December 2016	-
31 December 2017	(768.356)
31 December 2018	(409.356)
31 December 2019	(1.384.290)
31 December 2020	(38.155.965)
Total	(40.718.445)

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35. EARNINGS PER SHARE

As at 31 December 2015 and 2014, the Company's weighted average number of shares and computation of earnings per share are as follows:

Earnings per share	1 January- 31 December 2015	1 January- 31 December 2014
Average number of shares in circulation throughout the period (total) ⁽¹⁾	355.000.000	355.000.000
Profit for the year attributable to equity holders of the Company	40.475.419	62.895.770
Basic and diluted earnings per share from continuing operations	0,1140	0,1772
Total discontinued operations attributable to equity holders of the Company	-	-
Basic and diluted earnings per share obtained from discontinued operations	-	-

⁽¹⁾ The capital increase was provided from extraordinary reserves under retained earnings; therefore, the increase in number of shares is also reflected to prior year calculation of earnings per share.

36. EFFECTS OF EXCHANGE RATE CHANGES

Analysis of the effects of changes in foreign exchange in 31 December 2015 and 31 December 2014 is disclosed in Note 39.

37. REPORTING IN HYPERINFLATIONARY PERIODS

In accordance with the CMB's resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting Standards from 1 January 2005 (including the application of IFRS) are not subject to inflation accounting effective.

Therefore, since 1 January 2005, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying consolidated financial statements.

38. DERIVATIVE INSTRUMENTS

The details of the derivative instruments as at 31 December 2015 and 2014 are as follows:

Derivative instruments	31 December 2015	
	Assets	Liabilities
Swap agreements	12.955.653	28.026.704
Forward contracts	5.088.459	5.411.810
Options	858.154	634.642
Warrants	17.538	3.386.176
	18.919.804	37.459.332
Derivative instruments	31 December 2014	
	Assets	Liabilities
Swap agreements	25.959.190	13.784.253
Forward contracts	1.329.480	1.000.379
Options	1.588.867	6.092.892
Warrants	7.637	3.548.057
	28.885.174	24.425.581

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39. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS

Capital Risk Management:

In its capital management, while the Group maintains to continue its operations on a going concern basis, it also maximizes its return through the optimization of the debt and equity balance.

The funding structure of the Group consists of debt, which includes the borrowings disclosed in Note 10, cash and cash equivalents and equity comprising issued capital, reserves and retained earnings.

The Group's Board of Directors reviews the capital structure on a monthly basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of equity. Based on the recommendations of the Board of Directors, the Group balances its overall capital structure through the payment of dividends, new share issues and investment in shares of associates and subsidiaries as well as issuance of a new debt or the redemption of an existing debt.

The Group continues its general capital risk management strategy since 2007.

Financial Risk Factors:

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the uncertainty of financial markets and seeks to minimize the potential negative effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Risk Management Department, which is independent from steering, under policies approved by the Board of Directors. The Group's Risk Management Department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board sets out written principles for overall risk management, as well as written policies covering specific areas, such as; foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Credit Risk:

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit risk is mitigated by receiving equity shares of listed entities as collateral in accordance with the legal requirements of the CMB against credit lines utilized by customers. The Group's credit risk is predominantly in Turkey, where it operates.

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39. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Credit Risk (cont'd):

Exposed credit risks through types of financial instruments:

	31 December 2015								
	Trade Receivables			Other Receivables			Cash and Cash Equivalents		
	Related Parties	Third Parties	Third parties ⁽¹⁾	Related parties	Financial investments ⁽²⁾	Bank deposits	Repurchase agreements	Type B liquid mutual funds	Other ⁽³⁾
Maximum credit risk exposure as at report date	7.417.053	1.807.628.687	3.130.505	6.613.133	857.619.874	2.711.376.109	15.537.453	33.372	88.378.300
The part of maximum risk under guarantee with collateral etc.	-	1122.522.522	-	-	29.529.849	-	15.537.453	-	88.378.300
A. Net book value of financial assets that are neither past due nor impaired	7.417.053	1.802.881.143	3.130.505	6.613.133	857.619.874	2.711.376.109	15.537.453	33.372	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	4.747.544	-	-	-	-	-	-	-
-the part under guarantee with collateral etc	-	-	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	12.586.145	-	-	-	-	-	-	-
- Impairment (-)	-	(12.586.145)	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-
E. Elements including credit risk on off balance sheet	-	-	-	-	-	-	-	-	88.378.300

⁽¹⁾ Deposits and guarantees and collaterals are excluded since they are not financial assets.

⁽²⁾ Equity securities are excluded since they do not expose any credit risk.

⁽³⁾ Contains USD 23.000.000 that equals to TL 66.874.800, and GBP 5.000.000 that equals to TL 21.503.500

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39. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Credit Risk (cont'd):

Exposed credit risks through types of financial instruments:

	31 December 2014								
	Trade Receivables		Other Receivables		Cash and Cash Equivalents				
	Related Parties	Third Parties	Related parties	Third parties ⁽¹⁾	Financial investments ⁽²⁾	Bank deposits	Repurchase agreements	Type B liquid mutual funds	Other ⁽³⁾
Maximum credit risk exposure as at report date	4,268,318	1,376,576,727	6,864,768	1,012,186	793,887,199	2,849,550,121	47,123,312	6,742,837	71,315,200
The part of maximum risk under guarantee with collateral etc.	-	824,004,937	-	-	71,675,953	-	47,123,312	-	71,315,200
A. Net book value of financial assets that are neither past due nor impaired	4,268,318	1,370,719,955	6,864,768	1,012,186	793,887,199	2,849,550,121	47,123,312	6,742,837	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	5,856,772	-	-	-	-	-	-	-
-the part under guarantee with collateral etc	-	-	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	5,456,626	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	(5,456,626)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-
E. Elements including credit risk on off balance sheet	-	-	-	-	-	-	-	-	71,315,200

⁽¹⁾ Deposits and guarantees and collaterals are excluded since they are not financial assets.

⁽²⁾ Equity securities are excluded since they do not expose any credit risk.

⁽³⁾ Contains USD 23,000,000 that equals to TL 55,354,700, and GBP 5,000,000 that equals to TL 17,980,500

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39. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Interest rate risk:

The Group is exposed to interest rate risk due to volatile market prices of its financial assets at both fixed and floating interest rates. The Group's exposure to interest rate risk sensitivity depends on the mismatch among maturities of interest rate sensitive assets and liabilities. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate assets and liabilities.

The Group's interest rate sensitive financial instruments' allocations on respective statement of financial position dates are presented below:

Interest Risk Position Table		31 December 2015	31 December 2014
Fixed interest rate instruments		(372.471.451)	(67.798.506)
Cash and Cash Equivalents	Cash at banks - time deposits	2.850.698.427	2.907.039.767
	Receivables from Stock Exchange Money Market	3.918.614	23.006
	Receivables from reverse repurchase agreements	15.537.453	47.123.312
Financial assets	Financial assets at fair value through profit or loss	146.007.898	301.385.536
Financial liabilities	Payables to Stock Exchange Money Market	(1.606.387.926)	(2.181.143.848)
	Bank borrowings	(521.338.112)	(919.864.452)
	Finance lease liabilities	(2.457.294)	(3.547.531)
	Funds provided under repurchase agreements	-	-
	Payables from commercial paper	(1.242.874.183)	(210.121.793)
	Short-term factoring liabilities	(15.576.328)	(8.692.503)
Floating interest rate instruments		774.008.421	621.822.660
Cash and Cash Equivalents	Type B mutual funds	33.372	6.742.837
	Financial assets at fair value through profit or loss	329.882.521	319.343.203
Financial assets	Held-to-maturity financial assets	17.629.783	17.086.309
Trade receivables	Receivables from customers on margin trading	442.155.694	294.485.716
Financial liabilities	Bank borrowings	(15.692.949)	(15.835.405)
Net Interest risk position		401.536.971	554.024.154

The Group's exposure to interest rate risk and market price risk are related to fixed income financial assets classified as financial assets at fair value through profit or loss. Based on the analysis calculated by the Group, if the interest rate for TL were increased / decreased by 1% with the assumption of keeping all other variables constant, the effect on the fair value of fixed income financial assets and net profit / loss for the period ended as at 31 December 2015 and 2014 would have been as follows:

31 December 2015				
Type of risk	Risk rate	Direction of risk	Effect on net profit	Effect on equity
Interest rate risk	%	Increase	(1.646)	(1.646)
		Decrease	12.545	12.545
31 December 2014				
Type of risk	Risk rate	Direction of risk	Effect on net profit	Effect on equity
Interest rate risk	%	Increase	2.489.793	2.653.944
		Decrease	(2.533.429)	(2.533.429)

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39. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Equity Price Risk:

If Borsa İstanbul Index were increased / decreased by 10% with the assumption of keeping all other variables constant, the effect on the fair value of equity shares and net profit / loss of the Group for the period ended as at 31 December 2015 and 2014 would have been as follows:

31 December 2015				
Type of risk	Risk rate	Direction of risk	Effect on net profit	Effect on equity
Equity price risk	%10	Increase	(641.296)	(289.902)
		Decrease	(4.423.232)	(4.774.626)
31 December 2014				
Type of risk	Risk rate	Direction of risk	Effect on net profit	Effect on equity
Equity price risk	%10	Increase	1.000.437	1.000.437
		Increase	(6.261.874)	(6.261.874)

Liquidity risk:

Liquidity risk is the Group's default in meeting its net funding liabilities. Events causing a decrease in funding resources such as; market deteriorations or decrease in credit ratings are major reasons of liquidity risk. The Group manages its liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities through a constant monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

The following table details the Group's expected maturity for its non-derivative financial liabilities. The table below has been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will accrue for those liabilities except where the Group is entitled and intense to repay the liability before its maturity.

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39. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk (cont'd):

	31 December 2015					Total
	Current	Less than 1 month	1 - 3 months	3 - 12 months	1 year and thereafter	
ASSETS						
Cash and cash equivalents	66.918.780	1.327.873.307	-	-	-	2.733.818.975
Financial investments	89.213.755	84.592.700	391.932.068	-	172.946.589	768.358.473
Trade receivables	500.393.919	1130.621.357	22.064.026	-	-	1.815.045.740
Other receivables	17.827.800	9.743.638	109.010.557	-	-	136.581.995
Other long-term receivables	-	-	-	-	929.985	929.985
Other current/non-current assets	-	8.185.250	15.087.811	7.656.363	1.178.245	104.348.997
Long-term financial investments	26.909.191	-	-	-	176.629.783	44.538.974
Derivative instruments	-	14.929.797	3.842.712	147.295	-	18.919.804
Investments in equity accounted investees	-	-	-	-	-	25.013.453
Assets held for sale	-	-	-	-	-	10.535.275
Tangible assets	-	-	-	-	-	32.812.837
Intangible assets	-	-	-	-	-	61.405.929
Deferred tax assets	-	-	-	-	-	28.929.224
Total assets	701.263.445	2.532.180.291	1.562.471.113	399.735.726	192.684.602	5.781.239.661
LIABILITIES						
Financial liabilities	-	1.836.713.756	1.170.974.515	256.021.369	140.617.152	3.404.326.792
Other financial liabilities	12.959.974	-	-	-	-	12.959.974
Trade payables	494.066.580	797.751.331	8.815.581	36.691.025	-	1.337.324.517
Other payables	-	13.597.295	4.459.209	4.459.209	4.234.905	22.291.409
Derivative instruments	-	21.920.723	14.264.010	1.274.598	-	37.459.331
Liabilities related to employee benefits	-	-	3.865.767	-	-	3.865.767
Provisions (short-term)	-	14.607.735	-	-	-	14.607.735
Provisions (long-term)	-	-	-	-	5.442.113	5.442.113
Current tax liabilities	-	-	943.406	-	-	943.406
Other current liabilities	-	8.619.353	-	-	-	8.619.353
Other long term liabilities	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-
Total liabilities	507.026.554	2.693.210.193	1.198.863.279	298.446.201	150.294.170	4.873.032.011
Equity holders of the Company	-	-	-	-	-	588.176.497
Non-controlling interests	-	-	-	-	-	350.031.152
Liquidity surplus / (gap)	194.236.891	-161.029.902	363.607.834	101.289.525	42.390.432	908.207.650

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39. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk (cont'd):

	31 December 2014					Total
	Current	Less than 1 month	1 - 3 months	3 - 12 months	1 year and thereafter	
ASSETS						
Cash and cash equivalents	22,806,056	1,975,186,641	9,08,991,993	-	-	-
Financial investments	74,406,113	124,985,653	99,665,245	182,642,080	226,897,925	-
Trade receivables	363,920,154	829,274,263	22,993,348	-	-	164,657,280
Other receivables	13,508,574	7,876,954	49,125,930	-	-	-
Other long-term receivables	-	-	-	-	882,317	-
Other current/non-current assets	-	9,130,587	18,137,179	5,704,672	1,202,960	52,596,621
Long-term financial investments	21,344,820	-	-	-	17,086,309	-
Derivative instruments	-	22,872,544	5,154,026	858,604	-	-
Investments in equity accounted investees	-	-	-	-	-	17,208,918
Assets held for sale	-	-	-	-	-	4,973,662
Tangible assets	-	-	-	-	-	34,822,845
Intangible assets	-	-	-	-	-	61,229,010
Deferred tax assets	-	-	-	-	-	14,997,135
Total assets	495,985,717	2,969,326,642	1,104,067,721	189,205,356	246,069,511	350,485,471
LIABILITIES						
Financial liabilities	-	2,810,506,272	367,314,578	71,273,268	90,111,414	-
Other financial liabilities	9,783,531	-	-	-	-	-
Trade payables	362,504,520	582,125,108	24,249,040	12,333,793	1,881,678	-
Other payables	-	7,722,271	-	1,686,347	-	-
Derivative instruments	-	3,479,085	18,390,490	2,556,006	-	-
Liabilities related to employee benefits	-	-	3,878,213	-	-	-
Provisions (short-term)	-	12,087,425	-	-	-	-
Provisions (long-term)	-	-	-	-	6,223,735	-
Current tax liabilities	-	-	554,552	-	-	-
Other current liabilities	-	4,523,627	-	-	-	-
Other long term liabilities	-	-	-	-	700,782	-
Deferred tax liabilities	-	-	-	-	-	-
Total liabilities	372,288,051	3,420,443,788	414,386,873	87,849,414	98,917,609	3,277,831
Equity holders of the Company	-	-	-	-	-	557,338,743
Non-controlling interests	-	-	-	-	-	400,638,109
Liquidity surplus / (gap)	123,697,666	(451,117,146)	689,680,848	101,355,942	147,151,902	(610,769,212)

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39. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk (cont'd):

Contractual maturities	Carrying value	31 December 2015				
		Total contractual cash outflows (H+HII+IV)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Bank loans	537,031,061	643,097,416	315,194,242	115,176,650	212,726,524	-
Trade payables	1,337,324,517	1,337,324,517	-	-	-	-
Payables to Stock Exchange Money Markets	1,606,387,926	1,615,008,430	1,615,008,430	-	-	-
Funds from commercial paper	1,242,874,183	1,267,939,839	1,118,291,839	149,648,000	-	-
Financial lease liabilities	2,457,294	3,028,103	584,077	2,444,026	-	-
Factoring payables	15,576,328	16,854,742	-	16,854,742	-	-
Total Liability	4,741,651,309	4,883,253,047	4,386,403,105	284,123,418	212,726,524	
Contractual maturities	Notion amount	Total contractual cash outflows (H+HII+IV)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than 5 years (IV)
Derivative financial instruments						
Derivative cash inflows	3,414,185,838	3,468,143,321	3,315,256,711	152,886,610	-	-
Derivative cash outflows	(1,172,899,701)	(1,182,516,941)	(1,182,288,860)	(228,081)	-	-
Contractual maturities	Carrying value	Total contractual cash outflows (H+HII+IV)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Bank loans	935,699,857	974,105,645	745,198,832	63,976,158	164,930,656	-
Trade payables	981,212,461	983,094,139	983,094,139	-	-	-
Payables to Stock Exchange Money Markets	2,181,143,848	2,191,495,940	2,191,495,940	-	-	-
Funds provided under repurchase agreements	210,121,793	217,317,649	149,317,649	68,000,000	-	-
Funds from commercial paper	3,547,531	4,520,094	693,490	1,142,568	2,684,036	-
Financial lease liabilities	8,692,503	8,692,503	2,572,016	5,929,939	190,548	-
Total liability	4,320,417,993	4,379,225,970	4,072,372,066	139,048,665	167,805,240	
Contractual maturities	Notion amount	Total contractual cash outflows (H+HII+IV)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than 5 years (IV)
Derivative financial instruments						
Derivative cash inflows	1,168,799,204	1,176,526,021	1,105,548,562	70,977,460	-	-
Derivative cash outflows	(369,619,208)	(370,559,143)	(254,613,799)	(115,945,344)	-	-

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39. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk:

Foreign currency risk is the risk of volatility in the foreign currency denominated monetary assets, monetary liabilities and off-balance sheet liabilities due to changes in currency exchange rates. The breakdown of the Group's foreign currency denominated monetary assets and monetary liabilities as at 31 December 2015 and 2014 are as follows:

	31 December 2015					
	TL Equivalent (Functional currency)	USD	EURO	GBP	JPY	OTHER
1. Trade receivables	394.132.620	13.254.917	1.763.711	214.104	-	11.408
2a. Monetary financial assets	2.271.189.417	3.934.399	710.999.533	6.835	394.524	815.405
2b. Non monetary financial assets	6.035.685	2.074.777	-	-	-	-
3. Other	95.064.062	31.357.552	1.221.872	1.415	-	-
4. Current assets	2.766.421.784	170.621.644	713.985.116	222.355	394.524	826.814
5. Trade receivables	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-
6b. Non monetary financial assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-current asset	-	-	-	-	-	-
9. Total Assets	2.766.421.784	170.621.644	713.985.116	222.355	394.524	826.814
10. Trade payables	381.792.425	128.609.685	2.050.556	260.615	-	11.408
11. Financial Liabilities	28.109.799	9.465.267	178.040	-	-	-
12a. Other monetary liabilities	4.017.172	1.311.555	24.252	25.388	-	-
12b. Other non monetary liabilities	-	73.548	59.019	-	-	-
13. Short Term Liabilities	413.919.395	139.466.055	2.311.866	286.003	-	11.408
14. Trade payables	-	-	-	-	-	-
15. Financial liabilities	2.315.713	502.547	268.916	-	-	-
16a. Other monetary liabilities	-	-	-	-	-	-
16b. Other non monetary liabilities	-	-	-	-	-	-
17. Long Term Liabilities	2.315.713	502.547	268.916	286.003	-	11.408
18. Total Liabilities	416.235.109	139.968.602	2.580.782	286.003	-	11.408
19. Off-balance sheet derivative instruments' net asset / (liability) position						
19a. (19a - 19b)	(2.345.476.000)	(25.055.716)	(721.228.285)	6.828.888	(519.270.704)	6.227.729
19b. The amount of long-position off-balance sheet derivative instruments denominated in foreign currency	4.346.735.000	375.867.726	890.683.535	86.244.100	1.289.900.324	15.307.949
19c. The amount of short-position off-balance sheet derivative instruments denominated in foreign currency	4.710.675	5.697.326	(9.823.951)	6.765.241	(518.876.179)	7.043.134
20. Net foreign currency asset / (liability) position	2.249.086.928	(2.705.759)	710.241.481	(65.063)	394.524	815.405
21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)						
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-	-
23. Export	17.470.692	5.675.775	304.573	-	-	-
24. Import	5.567.844	80.774	1.612.066	48.942	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

(AMOUNTS ARE EXPRESSED IN TURKISH LIRA ("TL") UNLESS OTHERWISE INDICATED.)

39. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk: (cont'd)

	31 December 2014					
	TL Equivalent (Functional currency)	USD	EURO	GBP	JPY	OTHER
1. Trade receivables	176,187,689	66,923,438	7,363,568	157,606	-	16,459
2a. Monetary financial assets	831,054,334	165,318,160	157,589,699	246,054	70,627	784,592
2b. Non monetary financial assets	4,789,514	2,056,800	-	-	-	-
3. Other	35,962,813	15,310,375	163,005	-	-	-
4. Current assets	11,047,974,350	249,508,773	165,116,272	403,660	70,627	801,051
5. Trade receivables	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-
6b. Non monetary financial assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-current asset	-	-	-	-	-	-
9. Total Assets	1,047,974,350	249,508,773	165,116,272	403,660	70,627	801,051
10. Trade payables	172,474,404	65,322,250	7,281,365	157,606	-	7,360
11. Financial Liabilities	1190,470,845	256,769,643	143,557,174	14,393,649	-	117,493,373
12a. Other monetary liabilities	24,333,170	9,620,344	719,935	6,611	-	20,000,275
12b. Other non monetary liabilities	7,753,504	3,208,886	110,069	601	-	-
13. Short Term Liabilities	204,561,078	78,151,480	8,091,369	164,818	-	7,360
14. Trade payables	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-
16a. Other monetary liabilities	-	-	-	-	-	-
16b. Other non monetary liabilities	-	-	-	-	-	-
17. Long Term Liabilities	-	-	-	-	-	-
18. Total Liabilities	204,561,078	78,151,480	8,091,369	164,818	-	7,360
19a. Off-balance sheet derivative instruments' net asset / (liability) position (19a - 19b)	(817,133,599)	(153,786,916)	(186,767,196)	429,076	2,463,741,148	97,493,098
19a. The amount of long-position off-balance sheet derivative instruments denominated in foreign currency	1190,470,845	256,769,643	143,557,174	14,393,649	4,333,229,958	117,493,373
19b. The amount of short-position off-balance sheet derivative instruments denominated in foreign currency	2,007,604,444	410,556,559	330,324,330	13,964,573	1,869,488,810	20,000,275
20. Net foreign currency asset / (liability) position	26,279,671	17,570,377	(29,742,254)	667,918	2,463,811,776	98,286,789
21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	802,680,945	153,990,118	156,861,898	238,842	70,627	793,691
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-	-
23. Export	141,240	62,775	-	-	-	-
24. Import	9,709,138	1,973,004	1,951,807	-	-	-

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39. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk: (cont'd)

Based on the positions of statements of financial position as at 31 December 2015 and 2014, if the value the Turkish Lira would increase or decrease by 10% against other hard currencies assuming each other variables remained constant, the Group's net profit or loss would change due to foreign currency gains or losses of financial assets and liabilities denominated in foreign currencies as follows:

31 December 2015				
Type of risk	Risk rate	Direction of risk	Effect on net profit	Effect on equity
Foreign currency risk	%10	Increase	(913.792)	(913.792)
		Decrease	(568.478)	(568.478)

31 December 2014				
Type of risk	Risk rate	Direction of risk	Effect on net profit	Effect on equity
Foreign currency risk	%10	Increase	(23.295.177)	(23.295.177)
		Decrease	3.614.885	3.614.885

Capital adequacy requirement

As of December 31 2015, under the "V Series No. 34" communique for portfolio management, investment advisory, to take back the securities (repo) or sell (reverse repo) and purchase and sale, credit securities lending, short selling and securities import and export transactions, IPO underwriting, trading through, leveraged trading intermediation and brokerage of derivatives Market the brokerage company "Wide Authority" must have minimum equity requirement of TL 25.000.000 (As of December 31 2014, 10.659.000 TL). Furthermore, the Company is required capital adequacy base Within the framework of the valuation provisions set in the Communiqué 34, prepared as of the valuation date and is located in the unconsolidated balance sheet the Company's total net assets of unconsolidated equity representing the portion covered by the partnership represents the amount by which the deduction of the items being listed below.

a) Fixed assets;

- 1) Tangible assets (net),
- 2) Other tangible assets (net),
- 3) After an active stock exchange and the impairment except traded on other markets and capital losses remaining financial fixed assets,

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39. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk: (cont'd)

4) Other fixed assets,

b) Even if the customer title, the staff, the partners, affiliates, subsidiaries of the capital, management and control in terms of directly or indirectly from related the persons and institutions, unsecured receivables issued by these persons and institutions and the stock market and an active quoted capital in other markets market instruments.

As at 31 December 2015, capital adequacy base of the company is 3.740.780 TL.(31 December 2014: 380.161.692 TL). Capital adequacy basis requirement can not be less than any of the items mentioned below:

a) The minimum equity capital which corresponds to authority documents

b) Provision of risk,

c) Operating expenses incurred last three months of the valuation date

As at 31 December 2015, the capital adequacy of the Company is above on the items which are listed above.

Provision of risk

The Group calculate risk provision for both balance sheet items and off-balance sheet items according to Communique 34. Risk provision consists of sum of amounts according to Communique 34 as position risk, counterparty risk, Exchange rate risk and concentration risk.

As at 31 December 2015 and 31 December 2014, the risk provision calculated according to the Communique 34 is as follows:

Calculated Risk Provisions	31 December 2015	31 December 2014
Position Risk	188.544.216	164.778.562
Counterparty Risk	137.428.498	142.747.206
Exchange Rate Risk	392.916	1.444.035
Concentration Risk	16.420.134	7.529.802
Total	342.785.764	316.499.605

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40. FINANCIAL INSTRUMENTS

Categories of Financial Instruments:

31 December 2015	Other financial assets measured with effective interest method	Loans and receivables	Available for sale financial assets	Financial assets and liabilities at fair value through profit or loss	Other financial liabilities measured with effective interest method	Carrying Amount	Fair Value	Note
Financial assets								
Cash and cash equivalents	2.733.785.603	-	-	33.372	-	2.733.818.975	2.733.818.975	7
Trade receivables	-	1.815.045.740	-	-	-	1.815.045.740	1.815.045.740	11
Financial investments	220.884.081	-	26.909.191	565.104.175	-	812.897.447	813.408.218	8
Financial liabilities								
Financial liabilities	-	-	-	-	3.404.326.792	3.404.326.792	3.404.326.792	9
Trade payables	-	-	-	-	1.337.324.517	1.337.324.517	1.337.324.517	11
Other financial liabilities	-	-	-	12.959.974	-	12.959.974	12.959.974	10
31 December 2014								
Financial assets								
Cash and cash equivalents	2.900.241.853	-	-	6.742.837	-	2.906.984.690	2.906.984.690	7
Trade receivables	-	1.380.845.045	-	-	-	1.380.845.045	1.380.845.045	11
Financial investments	870.933.760	-	21.344.820	638.589.565	-	747.028.145	747.984.682	8
Financial liabilities								
Financial liabilities	-	-	-	-	3.339.205.532	3.339.205.532	3.339.205.532	9
Trade payables	-	-	-	-	983.094.139	983.094.139	983.094.139	11
Other financial liabilities	-	-	-	9.783.531	-	9.783.531	9.783.531	10

In the accompanying financial statements, cost of financial assets which are held to maturity shown at amortized calculated using effective interest method and the carrying amount of financial assets are 17.629.783 as at 31 December 2015 (31 December 2014: 17.086.309 TL) and the fair value of financial assets held to maturities are 18.140.554 TL (31 December 2014: 18.042.846 TL) olarak ölçülmüştür and the fair value measurements are classified as Level 1.

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40. FINANCIAL INSTRUMENTS (cont'd)

Fair Value of Financial Instruments:

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arm's length transaction.

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

There is no active market for loans in order to obtain available comparative market price and these instruments are discounted or subject to transaction costs when they are sold or utilized before their maturities. Fair value of these instruments could not be estimated due to the lack of necessary reliable market data. Accordingly, the carrying amount of such instruments is deemed to be a consistent indicator of the fair value.

The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practicable to estimate fair value:

Financial Assets:

Carrying amounts of financial assets measured at amortized cost including cash and cash equivalents and other financial assets approximate their fair values due to their short-term nature and the assumption of immaterial potential losses in exchange of these assets.

Market prices are used in determination of fair values of government bonds, treasury bills and equity shares.

Financial Liabilities:

The carrying amount of monetary liabilities approximates their fair values due to their short-term nature. Variable rate long-term bank loans in recent history have been recently repriced therefore fair value is assumed to approximate their carrying values

Valuation methods of the financial instruments carried at fair value:

31 December 2015	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit and loss				
Equity shares	42.050.226	-	-	42.050.226
Government bonds and treasury bills	-	-	97.468.853	
Private sector bonds	372.506.636	-	-	372.506.636
Mutual funds	47.163.529	-	-	47.163.529
Foreign currency securities	5.914.931	-	-	5.914.931
Income accruals of derivative instruments	-	18.919.804	-	18.919.804
Available for sale financial assets^(*)		-	-	20.070.556
Subsidiaries	-	-	-	-
Financial liabilities				
Other financial liabilities				
Liabilities of derivative instruments	-	37.459.332	-	37.459.332

(*) Unlisted available for sale securities amounting to TL 6.838.635 are excluded.

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40. FINANCIAL INSTRUMENTS (cont'd)

Fair Value of Financial Instruments: (cont'd)

31 December 2014	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit and loss				
Equity shares	50.830.422	-	-	50.830.422
Government bonds and treasury bills	-	-	203.632.594	
Private sector bonds	349.787.395	-	-	349.787.395
Mutual funds	29.569.640	-	-	29.569.640
Foreign currency securities	4.769.514	-	-	4.769.514
Income accruals of derivative instruments	28.885.174	-	28.885.174	
Available for sale financial assets^(*)	14.506.185	-	-	14.506.185
Subsidiaries	-	-	-	-
Financial liabilities				
Other financial liabilities				
Derivative financial instrument liabilities	-	24.425.581	-	24.425.581

^(*) Unlisted available for sale securities amounting to TL 6.838.635 are excluded.

The fair value of financial assets and liabilities are determined as follows:

First level: Implies that in determining the fair values of assets and liabilities, active market trading price is used for valuation purposes.

Second level: Implies that in determining the fair values of assets and liabilities, should other market price be observed other than first degree market prices, then observed market price is used for valuation purposes.

Third level: Implies that in determining the fair values of assets and liabilities, data not based on market observation is used for valuation purposes.

41. EVENTS AFTER THE REPORTING PERIOD

None.

42. OTHER ISSUES THAT SIGNIFICANTLY EFFECT THE CONSOLIDATED FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF CONSOLIDATED FINANCIAL STATEMENTS

None.

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