

annual report '98

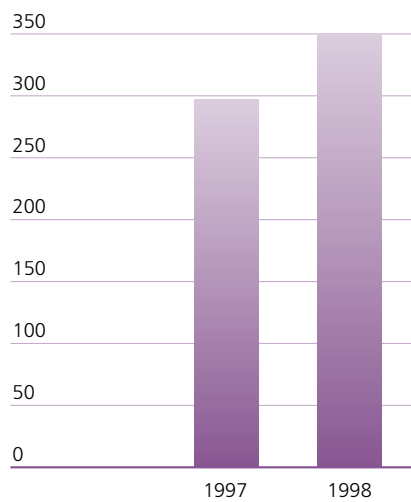
We help you
achieve...



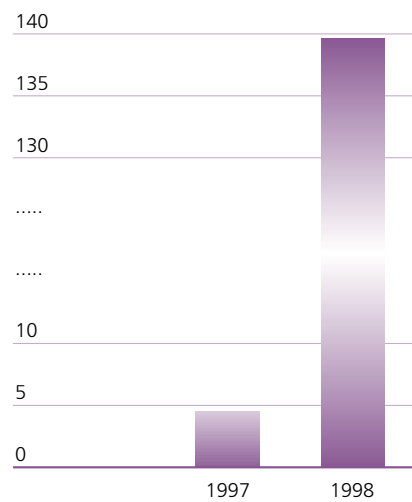
because...

financial highlights

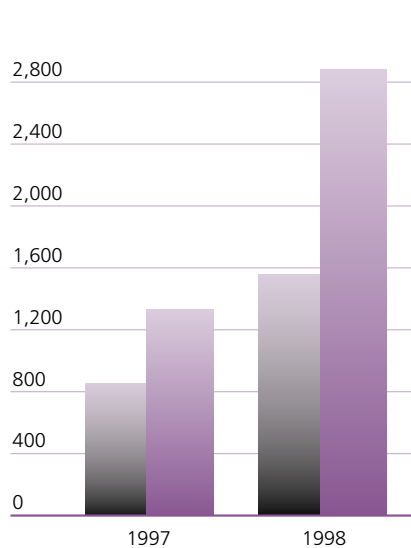
Assets Under Management
(US\$ million)



IPOs / Shares sold by İş Investment
(US\$ million)

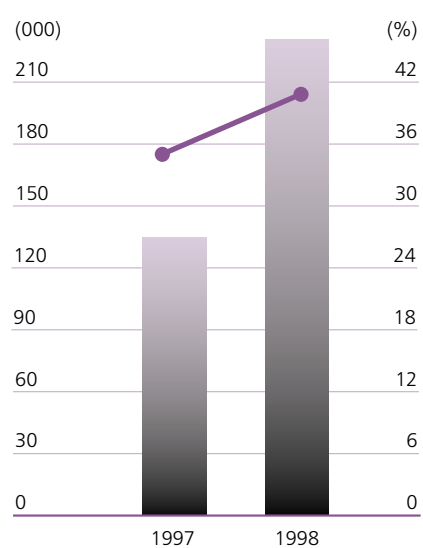


Net Income and Shareholders' Equity
(TL billion)



■ Net Income
■ Shareholders' Equity

Number of Equity Investors and Market Share



■ Equity Investors
● Market Share of İş Investment

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İş Investment in brief

İş Investment came into existence following the 1996 directive by the Capital Markets Board which stated that commercial banking activities should be separated from investment banking and brokerage operations. İş Investment was an outgrowth of the Capital Markets Department of İşbank, founded in 1974 as the first securities department within any financial institution in Turkey. Between 1974 to 1985, prior to the revitalization of the Istanbul Stock Exchange (ISE), this Department operated as the one and only market maker for Turkish equities. Being the first prominent player in the history of Turkish capital markets has enabled İşbank to pioneer in many areas of investment banking.

The first mutual fund in Turkey (İşbank Liquid Fund) was established in 1987. The following year, the Bank successfully realized the first initial public offering ever undertaken in the country for Teletaş, a telecommunication component manufacturer. The only fully-automated securities distribution system in Turkey (Investment Account System) was launched in 1990. OTC equity market trading was made available by İşbank for private investors in 1991. Adding to the growing list of 'firsts', the Bank was also the first financial institution in Turkey to pioneer the largest closed-end equity mutual fund. İş Yatırım Ortaklığı (İş Investment Trust), which was founded in 1995, is now

the largest closed-end mutual fund company in Turkey, representing 41% of the market at the end of 1998. In 1996, an interactive banking project was successfully implemented enabling İşbank clients to execute securities transactions via an interactive telephone connection. The following year, Internet Banking, with full coverage of securities transactions, was introduced.

İşbank can only be described using massive figures. At the end of 1998, it had a market capitalization of TL 1,060 trillion (US\$ 3.4 billion), well above that of any other listed company in the country. İşbank shares traded on the Istanbul Stock Exchange (ISE) carry the largest weight in the benchmark ISE-100 Index.

All İşbank branches act as agents of İş Investment. The Company fully utilizes the huge İşbank distribution network made up of almost 850 branches, 1500 ATMs, Internet and Interactive telephone systems.

In 1997, İş Investment started with an initial paid-in capital of TL 500 billion. This amount was subsequently increased to TL 1.25 trillion in June 1998. The shareholders of İş Investment are: İşbank (92%), İş Factoring (3%), İş Leasing (3%), Camiş Sigorta (1%) and Camiş Menkul Değerler (1%).

board of directors



Left to right: Dr. Gürman Tevfik Member, Danyal Kara Member, İbrahim Hızlıkan Vice Chairman, Caner Çimenbiçer Chairman, Nail Yağcı Member, Ufuk Ersoy Member

... we have

auditors



Rıza Kutlusoy



İnci Yılmaz

executive management



Özcan Türkakın
General Manager



İlhami Koç
*Manager
International Capital Markets*



Metin Yılmaz
*Manager
Research*



Nuran Canitez
*Manager
Marketing*



Fatma Karabiyik
*Manager
Operations*

experience.

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İş Investment has successfully completed its second year of operations as an independent entity in the Turkish financial and capital markets. Historically, this Company should be viewed as a restructuring since our foundations come from the first Capital Markets Department established in 1974 under the roof of İşbank, the

largest private bank in Turkey. Yet, the stand-alone strength and drive of İş Investment is obvious, while the advantages of our parentage and ties to İşbank lend power and scope to our endeavors. In June 1998, the initial paid-in capital of the Company was increased by 150% to TL 1.25 trillion, enabling us to expand activities, accessing and serving a broader, more diversified client base.

This has been a year of important investments for İş Investment. In order to upgrade the efficiency and the quality of our equity trading activities, in cooperation with İşbank, all orders received from clients via ATMs, interactive telephone networks or through Internet, are routed directly to İş Investment's order processing room. This allows us to execute all client orders

immediately during an ongoing trading session so that clients may have almost concurrent feedback as to the results of the transaction.

İş Investment was one of the architects of the highly successful public offering of the Turkish Treasury's İşbank shares in April 1998. These shares, amounting to 12.3% of the total shares of İşbank, were successfully sold for US\$ 650 million to both domestic and international investors in record time. Domestically, this was the largest Turkish based privatization and public offering ever achieved. On the global side, this transaction was one of the most important public offerings among all other emerging markets. İş Investment achieved the largest sale by placing 72% of the total domestic offering from among 28 brokerage houses that took part in this historic event.

Another of our accomplishments in 1998 was our admission in a consortium as an advisor to the Republic of Turkey for the privatization of Türk Telekom, jointly with prominent international investment banks: Merrill Lynch and ABN Amro-Rothschild. The project, which is expected to be developed to its final stages in 1999, will be another massive privatization and public offering coming from an emerging market. İş Investment is proud to put its endorsement on projects such as this together with

a dedicated professionals.

world renowned investment banks. The presence of our name on such transactions has become a strong reference point for all related parties.

İş Investment manages a fund portfolio that is made up of close to 30% of all mutual funds in Turkey with a total net asset value of US\$ 350 million, as of December 1998. This is the largest portfolio ever managed by a Turkish financial institution.

A new Internet website has been established that contains all relevant information regarding services offered by İş Investment, as well as daily, weekly and monthly overviews and research reports pertinent to the ISE's performance, along with the latest updates on the Turkish economy.

The performance of the capital markets, domestically and internationally, has been inconsistent throughout 1998. Looking back on major international developments in 1998, it is easy to see the negative events that affected global and Turkish economies. The financial crisis that shook Russia in August 1998 has also negatively impacted on the ISE. Initially, as a result of this crisis, fluctuations both in the price and trading volume of ISE stocks occurred, followed by a sharp decline in the prices of quoted stocks by almost 50% in US dollar terms. Interest rates for T-bills followed a volatile course throughout the year but

even during these turbulent times the performance of İş Investment continued to improve such that total income increased to TL 3.7 trillion up from TL 1.8 trillion in 1997, representing an increase of 112%. Interest income also increased by 217% to TL 2.4 trillion.

In 1998, two new branches in Ankara and İzmir were opened to match growing business volume.

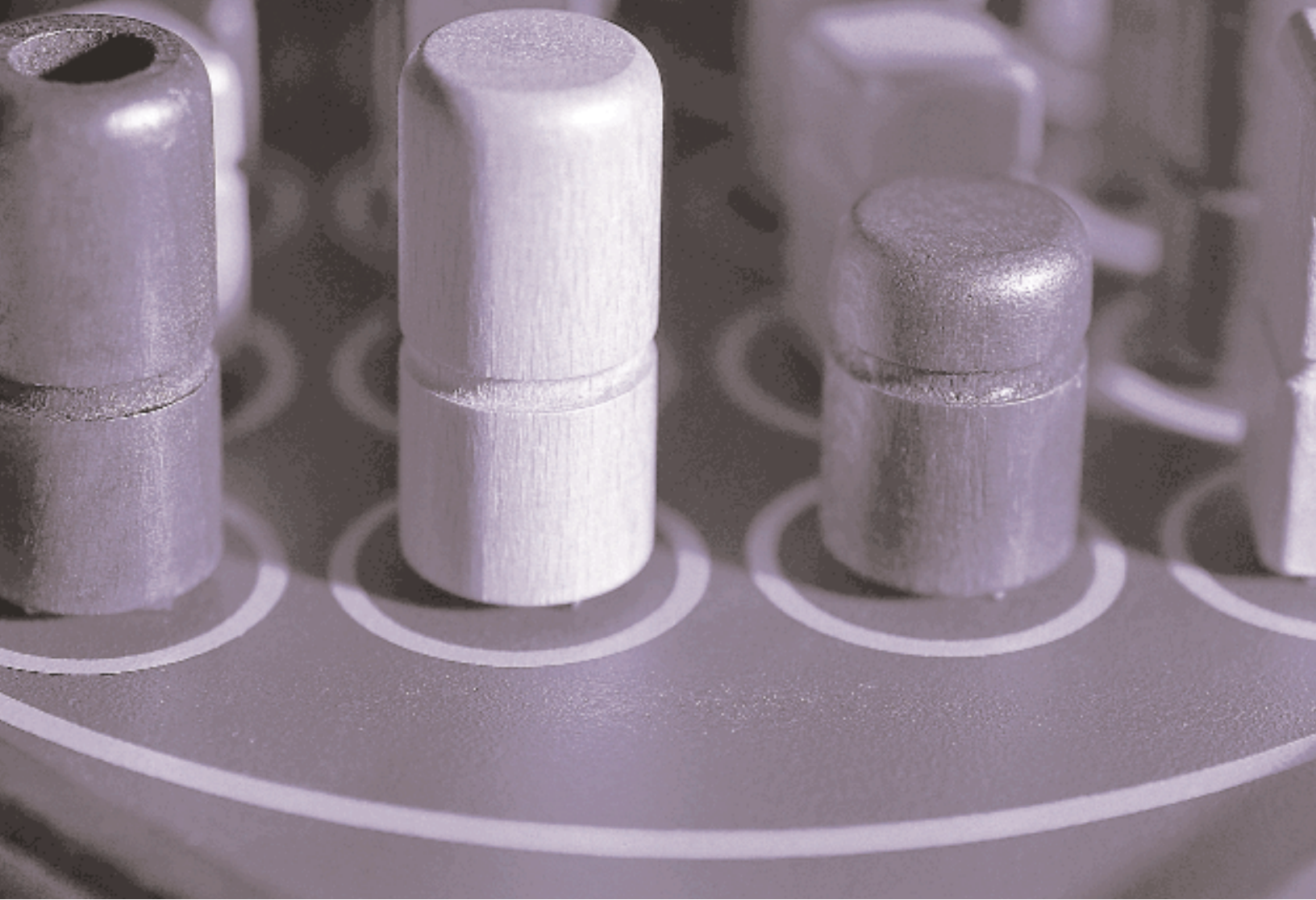
Although 1998 has been a rather turbulent year, İş Investment has been remarkably successful. This success was not achieved with ease but by hard work and dedication. For this reason I would like to take this opportunity to thank to our parent, İşbank for its consistent support at all times. Also, my special thanks go to our dedicated and loyal staff for the long hours they put in during this difficult period. With such efforts, it is no wonder that 1998 has become a milestone of success for our Company.

My special appreciation also goes to our customers and business partners.



Caner Çimenbiçer
Chairman

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well-defin



Since the start-up of the ISE, both İşbank and İş Investment have been the most active players in the private sector's equity issuance market.



ed targets.

review of operations

Corporate Finance

The Corporate Finance Department provides service to major corporations in the country, satisfying their financing needs via the issuance of capital market instruments. The method most often utilized is the issuance of equities in Turkish capital markets. The activities of the Department include, but are not limited to, IPOs and privatizations, mergers and acquisitions, advisory services, issuance of corporate bonds, commercial papers and asset-backed securities.

In the decade between 1988 and 1998, İşbank and İş Investment took part in 28 privatization programs in Turkey. İşbank and İş Investment participated as lead managers in many of these programs while playing a pivotal role in the agenda of privatization in Turkey. Some of the more important public offerings with İş Investment as the lead manager and/or sole sales agent include: Türkiye Kalkınma Bankası,

Erdemir Iron and Steel Works, Çukurova Elektrik Corporation and Petkim.

Since the start-up of the ISE, both İşbank and İş Investment have been the most active players in the private sector's equity issuance market. Due to unrivaled underwriting skills, distribution capabilities and advisory abilities, both institutions have led primary equity capital markets in Turkey. Of the 186 primary equity issuances of private sector corporations, İşbank and İş Investment took part in 36, as the lead managers in 14 and as co-lead managers in 17. The Company took part as a consortium member in the remaining transactions.

The most notable primary equity issues for the private sector include: Arçelik, Trakya Cam, Bekoteknik, Turcas Petrol, Anadolu Sigorta, Milliyet, Aksu İplik, Milpa, Ardem, Eyap, Sasa, Akın Tekstil and Uzel Makine.

review of operations continued

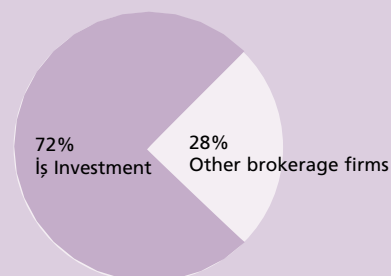


İş Investment helped engineer one of the largest and most successful public offerings ever to take place in Turkey. Starting in October 1997, the Turkish Privatization Administration announced that Treasury shares in İşbank would be available to both local and international markets. Salomon Smith Barney International was appointed primary advisor in January 1998. In early May 1998, an international roadshow covering the major international financial markets got underway on three continents while at the same time, book building was completed. On May 11, 1998 the equities that had been sold began trading on the ISE while GDRs began trading on the London Stock Exchange. At the conclusion of the sale, and in record time, Treasury shares amounting to 12.3% of the total shares of İşbank were successfully sold for US\$ 650 million to domestic and international investors.

Globally, this transaction was one of the most important public offerings to be made among emerging market countries while on the domestic

side, this public offering was 15 times larger than any previously made with 80,780 small investors doing the lion's share of the purchasing. In the domestic offering, three types of incentives were ingeniously applied: preferential allocation, price discount and installment payments. İş Investment with 72% of the total domestic public offering, achieved the highest sales among the 28 brokerage houses which participated in this immense transaction.

İş Investment's share in İşbank public offering



Another landmark accomplishment in 1998 was İş Investment's inclusion in the advisory consortium to the Republic of Turkey in the privatization of Türk

İş Investment and its parent, İşbank, are very conservative in selecting their business partners. The successful performance achieved in transactions in which they participated has been strong reference points for all related parties, including companies whose equities are to be offered, as well as investors and consortium members undertaking issuance and sale transactions.



Telekom. Out of three candidates, the Merrill Lynch-ABN Amro-Rothschild and İş Investment consortium was mandated for this transaction and in August 1998, the contract was signed. The winning consortium, including İş Investment, began working on this landmark project at full speed.

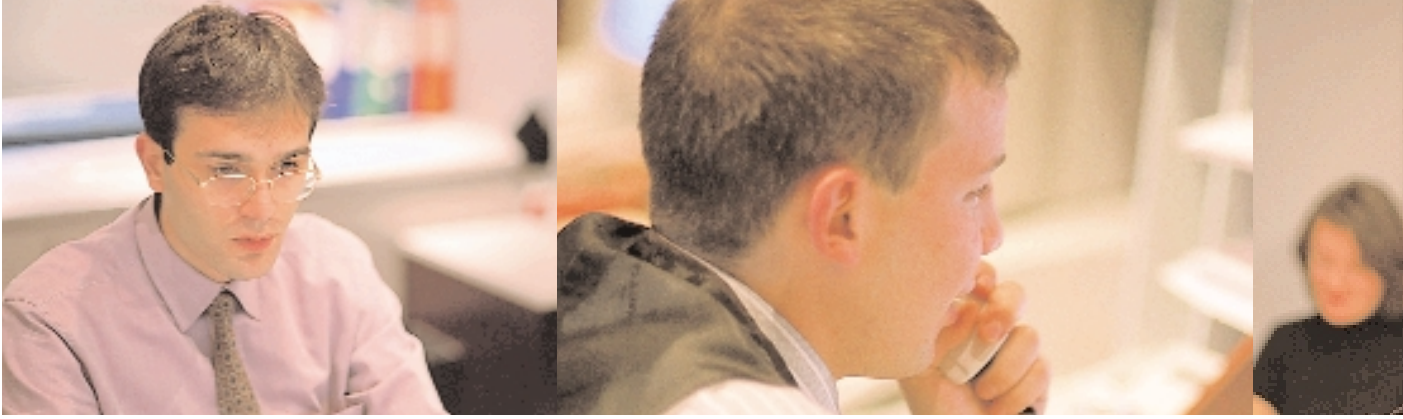
İş Investment and its parent, İşbank, are very conservative in selecting their business partners. The successful performance achieved in transactions in which they participated as lead managers or co-lead managers have been strong reference points for all related parties including the companies whose equities are to be offered, as well as investors and consortium members undertaking issuance and sale transactions.

Equities

The Equity Brokerage Department of İş Investment serves a wide range of investors, both institutional and individual.

Individual investor transactions cover the orders collected by İşbank acting as an agent as well as incoming orders of the investment advisory and portfolio management clients of the Company. The investors are offered high-tech services through İşbank and investment account clients of the Bank are able to place their orders 24-hours a day, seven days a week. Through a joint project undertaken with İşbank during 1998, all client orders coming from ATMs, interactive telephone networks or directly from the Internet as well as branch offices of the Bank are directly routed to İş Investment. This new system enables the Company to execute client transactions during an ongoing trading session which in return lets the clients learn the result of their orders almost immediately. When the development phase of this project is completed in 1999, the list orders which are passive orders, will lessen and gradually be replaced by on-line orders. As a result of this large and efficient distribution network, İş Investment has the largest client base among all

... we have



intermediary institutions with 219,386 active equity accounts, representing 36% of all such accounts in the country.

Internationally, İş Investment offers high quality full brokerage and advisory services mainly to institutional investors, combining reliability and efficient execution. Institutional investor transactions covering the orders of foreign and domestic institutional investors account for 52% of the Company's equity trading volume.

Following the 1997 rally, the ISE-100 index ended 1998 with a decrease of 25%, while total market capitalization dived to US\$ 34.4 billion. Undoubtedly, the main reasons behind these developments were the global financial crisis and the high yields of alternative markets.

Despite unfavorable market conditions, as one of the top brokerage houses in the ISE, İş Investment's

trading volume climbed to TL 657 trillion in 1998 representing a 44% increase over the previous year.

Fixed Income

The history of fixed income transactions in Turkey goes back to more than one hundred years. The Istanbul Bond Exchange was established in 1866 as a place where debt securities issued by the Ottoman Empire were traded.

The Treasury of the Turkish Republic began public auctioning in 1986, which until the establishment of the ISE Bonds and Bills Market in 1991, handled OTC transactions of the secondary market. The ISE Bonds and Bills Market has two main functions: outright sales and purchases of the Government Debt Securities, and repo and reverse repo transactions.

The Capital Markets Department of İşbank stood alone with regard to fixed income transactions in

know-how



review of operations continued



Turkey up until the ISE's revitalization in 1985. Debt instruments in Turkey are mostly comprised of bonds and bills, income-sharing certificates, FX-indexed bonds and CPI-indexed bonds of the public sector when the issuer is the Treasury and corporate bonds, commercial paper and asset-backed securities when the issuers are either corporations or banks. Liquidity is low for all instruments except bonds and bills.

İş Investment is one of the foremost players in both the primary and secondary fixed income markets in Turkey. Of the fixed income instruments available, repos, government bonds, T-bills and OTC government bonds are among the most actively traded on behalf of its clients. Other fixed income activities undertaken by the Company include direct participation in Treasury auctions and open market transactions of the Turkish Central Bank. İş Investment is also an active player in Takasbank's (ISE Custody and Settlement Bank) Money Market. İş Investment is listed among the top five brokerage

houses on the ISE in terms of Government Debt Securities trading volume which reached TL 327 trillion, representing a 206% increase over the 1997 figures. The Company ranked sixth among all brokerage houses in the ISE Repo/Reverse Repo Market with a 404% increase in transaction volume over the previous year.

International Capital Markets

İş Investment acts as a bridge between domestic and international markets, trading foreign securities for Turkish investors and Turkish securities for international investors.

By adopting a client-focused approach, dedicated account officers assist international institutional and individual clientele at all stages of the investment process which includes but is not limited to: investment strategy, market comments and advisory services, market regulation and taxation information, trading, settlement and custody. These services are



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all executed in a timely manner by client-directed orders, always delivering prompt updates to the clients and utilizing state-of-the-art technology.

The global financial crisis in the second half of 1997 spread to Russia and Latin America during 1998 and led to net capital outflow from emerging markets. Under those market conditions, the foreign sales volume of İş Investment increased to US\$ 104 million, representing an increase of 519% over the previous year.

İş Investment offers a wide array of alternatives to domestic investors seeking sound and profitable investments for their FX savings. The instruments offered include, but are not limited to: FX repos, Treasury bills and bonds issued by G-7 countries, bills and bonds issued by investment grade rated corporations, debt securities issued by the Treasuries of emerging market countries in international financial markets, equities traded on international stock exchanges and numerous derivative

instruments. İş Investment is very active in the trading of Turkish Eurobonds issued in international markets such as London, Frankfurt, Tokyo and New York.

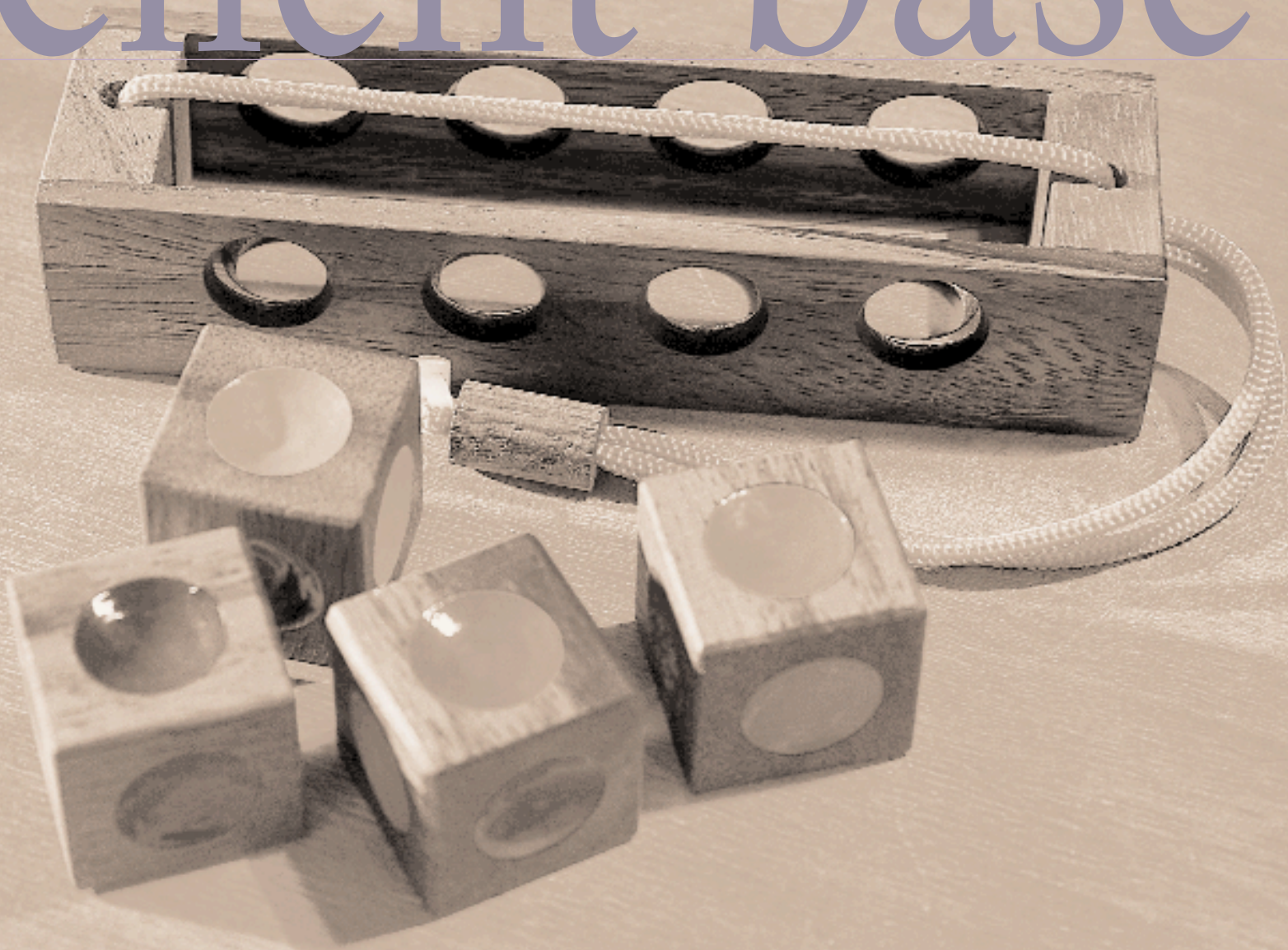
The total trading volume of the ICM Department, which stood at US\$ 130 million in 1997, has increased to US\$ 171 million in 1998, an increase of 32%.

Asset Management

İş Investment is one of the most prominent brokerage houses in the country managing discretionary, custom-made portfolios for its clients in addition to an extensive range of mutual funds catering to large numbers of investors with different risk-return expectations.

In June 1987, the first mutual fund in Turkey, İşbank Liquid Fund was founded. This fund was followed by other funds in succeeding years, and consequently in May 1997, İş Investment founded a fund of its own: İş Investment Balanced Fund. With the addition of

... we have
client base



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review of operations continued

this new fund to the existing set, the total number of funds increased to eight. The fund portfolio of İş Investment has a 28% market share of all mutual funds in Turkey and a total net asset value of US\$ 350 million as of December 1998. This represents the largest mutual funds portfolio ever managed by a Turkish financial institution. From among a total of 65 banks and brokerage houses presently managing mutual funds, İş Investment by a large margin ranks first in terms of market share and total net asset value.

Shares of mutual funds can be bought and sold directly over interactive telephones, ATMs and the Internet as well as through the extensive branch network of İşbank throughout the country. This easy access to mutual funds gives İş Investment a distinct advantage. The Company has developed special funds tailored to the needs of institutional investors.

As part of its activities under institutional portfolio management, İş Investment acts as the investment advisor for İş Yatırım Ortaklığı (İş Investment Trust), the largest investment trust company in Turkey with total assets of US\$ 27 million, representing 41% of the market.

Two international mutual funds have been created and launched by İşbank in 1998 to channel the investments of Turkish expatriates living in Europe into the Turkish economy. These two mutual funds, listed on the Luxembourg Stock Exchange, are marketed and sold by İşbank GmbH while advisory functions are undertaken by İş Investment.

The Company offers portfolio management services to individual clients, giving them the opportunity to carefully structure and manage their own investment portfolios under experienced and professional guidance.

review of operations continued



In 1998, investors preferred mutual funds over other capital market instruments mainly due to the fact that gains made on mutual funds are tax-free. Mutual funds are marketed at the Head Office as a direct marketing activity are made through a call center. Investment advisory services target high networth individuals and institutions.

In spite of the downward trends in Turkish financial markets that started in the second half of the year, İş Investment has achieved successful results throughout 1998. These results can be attributed to the enhancement and diversification of the product range coupled with an active marketing program including on-line participation in Treasury auctions on behalf of the clients, a large trading volume of Treasury bills and FX-denominated capital market products.

Research

Providing accurate and concise financial information that is based on sound research is a crucial element affecting all aspects of wise investment decisions. The Research Department at İş Investment is a core activity that provides reliable, unbiased and timely information to domestic and international clients. The Department employs six well-educated, experienced professionals who have been specially trained to meet demanding capital market requirements. The İş Investment team furnishes in-depth coverage of ISE-100 companies and constituent stocks that make-up the IFC Turkey Index. Through personal face-to-face visits, İş Investment is able to get to know the companies whose shares are traded on the ISE.

İş Investment's experienced analysts offer a full range of research products such as macro-economic, equity and fixed income research to satisfy information requirements of local and international clients. Daily,

Mutual Funds	Net Asset Value (US\$)	Rate of Return (TL)
İşbank Liquid Fund	110,783,620	93.50%
İşbank Equity Fund	1,313,725	-19.19%
İşbank Participations Fund	1,163,931	-11.54%
İşbank Type-B Variable Fund	4,548,888	90.71%
İşbank Foreign Securities Fund	1,950,382	61.54%
İşbank Notes'n Bonds Fund	187,861,627	90.24%
İşbank Type-A Variable Fund	7,731,766	41.05%
İş Investment Type-A Variable Fund	35,009,364	44.87%

weekly and monthly research bulletins cover the markets as well as industry. Company research reports are produced in Turkish for local clients and in English for international institutional investors. Key customers are also furnished customized research products upon request.

Overall research coverage was significantly increased during the previous year. Equity research activities were intensified and now include stock recommendations and market comments based on detailed technical analysis. A daily research report has been introduced and is available through its website at www.isyatirim.com.tr. IPO research is also available for all companies that will be going public during the year.

In 1999, research functions will be further developed to better inform clients about the most outstanding investment opportunities. In addition, the Company

plans to offer a wider range of research products via Internet.

Information Technology

At the beginning of 1998, a new information technology department, independent of İşbank, was established. The speed of a large portion of the existing network was improved to 100 MB/second and the current software was upgraded together with servers which run this software.

The newly established Ankara and İzmir branches are now connected to the Head Office and all data communication between the branches and the Head Office are carried out utilizing the same software. Necessary definitions and adjustments have been made in the new software for the smooth operation of the network.

review of operations continued

İş Investment's experienced analysts offer a full range of research products such as macro-economic, equity and fixed income research to satisfy information requirements of local and international clients.



An Internet data connection facility with a speed of 128 KB has been installed. The Head Office in Istanbul and the Ankara and İzmir branches have installed e-mail, World Wide Web and proxy software into their existing systems. A new Internet website has been developed with all the relevant information regarding services offered by İş Investment as well as daily, weekly and monthly research bulletins pertinent to the ISE's performance and the Turkish economy.

Human Resources Management

In 1998, two new branches in Ankara and İzmir were opened to meet growing business volume. İş Investment currently has a total of 104 employees including those in its branch offices. İş Investment prides itself on the quality of its human resources. In today's competitive business environment, human resource policies implemented in a continuous and consistent manner have determined the direction of success. It has always

been a major aim of the Company to create a strong corporate culture by blending different cultures brought in by new recruits coming from diverse backgrounds.

Training has a high priority at İş Investment and in 1998 in parallel to the regular training programs of the ISE, fundamental and technical analysis training programs were launched in-house for all staff. Additionally, promising personnel are sent abroad to attend professional training programs. It is compulsory for all İş Investment personnel to attend training courses specifically designed to develop their computer skills.

İŞ YATIRIM MENKUL DEĞERLER A.Ş.

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1998**



**İŞ YATIRIM MENKUL DEĞERLER A.Ş.
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 1998**

We have examined the attached balance sheet of İş Yatırım Menkul Değerler A.Ş. "the Company" as of 31 December 1998 (pages 1 and 2) and the related statement of income for the year then ended (page 3). Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the attached financial statements present fairly the financial position of the Company as at 31 December 1998 and the results of its operations for the year then ended, in conformity with legislation and generally accepted accounting principles (see Balance Sheet Note 11) as published by the Turkish Capital Market Board, applied on a consistent basis.

DENETİM SERBEST MALİ MÜŞAVİRLİK A.Ş.

Member Firm of DELOITTE TOUCHE TOHMATSU

A. J. Wilson

Anthony J. WILSON
Partner

İstanbul, 27 January 1999

İŞ YATIRIM MENKUL DEĞERLER A.Ş.
DETAILED BALANCE SHEET AS AT 31 DECEMBER 1998
(TL MILLION)

	31.12.1998	31.12.1997
ASSETS		
I- CURRENT ASSETS	5,526,531	3,228,481
A- Liquid Assets	1,150	135
1- Cash	77	81
2- Banks	1,073	54
3- Other Liquid Assets	0	0
B- Marketable Securities	2,705,583	2,960,338
1- Share Certificates	0	3,015
2- Private Sector Bonds	0	0
3- Government Sector Bonds	2,705,583	2,509,049
4- Other Marketable Securities	0	448,553
5- Provision for Diminution in Value of Securities Portfolio (-)	0	(279)
C- Short Term Trade Receivables	2,371,430	263,554
1- Trade Receivables	91,430	257,784
2- Notes Receivable	0	0
3- Deposits and Guarantees Given	0	0
4- Other Short Term Trade Receivables	2,280,000	5,770
5- Discount on Receivables (-)	0	0
6- Provision for Doubtful Receivables (-)	0	0
D- Other Short Term Receivables	74,873	4,454
1- From Shareholders	0	0
2- From Affiliates	0	0
3- From Subsidiaries	0	0
4- Other Short-Term Receivable	74,873	4,454
5- Discount on Receivables (-)	0	0
6- Provision for Doubtful Receivables (-)	0	0
E- Inventories	0	0
F- Other Current Assets	373,495	0
II- LONG TERM ASSETS	50,427	24,000
A- Long Term Trade Receivables	0	0
B- Other Long Term Receivables	38,984	18,121
C- Long Term Financial Assets	1,250	1,250
1- Long-Term Marketable Securities	0	0
2- Provisions for Long-Term Marketable Securities (-)	0	0
3- Affiliates	0	0
4- Capital Commitments for Affiliates (-)	0	0
5- Provision for Decrease in Value of Affiliates (-)	0	0
6- Subsidiaries	0	0
7- Capital Commitments for Subsidiaries (-)	0	0
8- Provision for Decrease in Value of Subsidiaries (-)	0	0
9- Other Long-Term Financial Assets	1,250	1,250
D- Tangible Fixed Assets	10,193	4,629
1- Land	0	0
2- Land Improvements	0	0
3- Buildings	0	0
4- Machinery and Equipment	7,108	1,326
5- Motor Vehicles	7,042	3,961
6- Furniture and Fixtures	247	87
7- Other Tangible Fixed Assets	0	0
8- Accumulated Depreciation (-)	(4,204)	(745)
9- Construction in Progress	0	0
10- Order Advances Given	0	0
E- Intangible Fixed Assets (Net)	0	0
F- Other Long Term Assets	0	0
TOTAL ASSETS	<u>5,576,958</u>	<u>3,252,481</u>

İŞ YATIRIM MENKUL DEĞERLER A.Ş.
DETAILED BALANCE SHEET AS AT 31 DECEMBER 1998
(TL MILLION)

	31.12.1998	31.12.1997
LIABILITIES & SHAREHOLDERS' EQUITY		
I- SHORT TERM LIABILITIES	2,639,214	1,889,698
A- Bank Loans	0	1,612,500
1- Bank Loans	0	0
2- Current Instalments and Interest of Long-Term Loans	0	0
3- Bond Principal and Interest	0	0
4- Bonds and Bills Issued	0	0
5- Other Financial Liabilities	0	1,612,500
B- Trade Payables	2,280,722	5,907
1- Suppliers	0	5,907
2- Notes Payable	0	0
3- Deposits & Guarantees Received	0	0
4- Other Trade Payables	2,280,722	0
5- Discount on Payables (-)	0	0
C- Other Short Term Liabilities	57,143	9,434
1- Payable To Shareholders	0	0
2- Payable To Affiliates	0	0
3- Payable To Subsidiaries	0	0
4- Accrued Expenses	0	0
5- Taxes and Other Deductions Payable	57,143	9,434
6- Deferred Payables to Government	0	0
7- Other Short Term Liabilities	0	0
8- Discount of Payables (-)	0	0
D- Order Advances Received	0	0
E- Provisions	301,349	261,857
1- Tax Provisions	301,349	261,857
2- Other Payable and Expense Provisions	0	0
II- LONG TERM LIABILITIES	18,215	0
A- Bank Loans	0	0
B- Trade Payables	0	0
C- Other Long Term Payables	0	0
D- Order Advances Received	0	0
E- Provisions	18,215	0
1- Retirement Pay Provision	18,215	0
2- Other Payable and Expense Provisions	0	0
III- SHAREHOLDERS' EQUITY	2,919,529	1,362,783
A- Capital	1,250,000	500,000
B- Capital Commitments (-)	0	0
C- Share Premium	0	0
D- Revaluation Reserve	3,601	0
E- Reserves		112,784
1- Legal Reserves	56,232	275
2- Statutory Reserves	0	0
3- Special Reserves	0	0
4- Extraordinary Reserves	56,552	5,223
5- Cost Increase Fund	0	0
6- Fixed Assets and Participation Sales Income to be Incorporated as Capital	0	0
7- Prior Year Income	0	0
F- Net Income For the Period	1,553,144	857,285
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	5,576,958	3,252,481

İŞ YATIRIM MENKUL DEĞERLER A.Ş.
DETAILED INCOME STATEMENT FOR THE PERIOD
ENDED 31 DECEMBER 1998

(TL MILLION)

	31.12.1998	31.12.1997
A- GROSS SALES	922,647,756	138,032,234
1- Sales of Share Certificates	114,986,472	0
2- Sales of Private Sector Bonds	0	0
3- Sales of Commercial Papers	0	0
4- Sales of Other Private Sector Bonds	0	0
5- Sales of Public Sector Bonds	39,737,643	27,833,232
6- Sales of Treasury Bills	765,868,967	109,201,457
7- Sales of Other Public Sector Bonds	0	0
8- Sales of Other Marketable Securities	1,051,698	353,752
9- Commission Income	578,171	510,867
10- Other Services Given	424,805	132,926
B- SALES DEDUCTIONS (-)	0	0
C- NET SALES	922,647,756	138,032,234
D- COST OF SALES (-)	(920,644,477)	(137,236,254)
GROSS PROFIT	2,003,279	795,980
E- OPERATING EXPENSES (-)	(924,890)	(305,400)
1- Research & Development Expenses (-)	0	0
2- Marketing, Selling & Distribution Expenses (-)	(78,848)	(46,830)
3- General Administrative Expenses (-)	(846,042)	(258,570)
TRADING PROFIT	1,078,389	490,580
F- INCOME & PROFIT FROM OTHER OPERATIONS	1,594,453	934,991
1- Dividend Income From Affiliates	222	0
2- Dividend Income From Subsidiaries	0	0
3- Interest and Other Dividend Income	624,483	210,470
4- Other Operating Income	969,748	724,521
G- OTHER OPERATING EXPENSES AND LOSSES (-)	(43,066)	(10,880)
H- FINANCIAL EXPENSES (-)	(855,922)	(298,673)
1- Short Term Financial Expenses	(855,922)	(298,673)
2- Long Term Financial Expenses	0	0
OPERATING PROFIT	1,773,854	1,116,018
I- EXTRAORDINARY INCOME AND PROFITS	80,639	3,124
1- Provisions Written off	80,639	0
2- Previous Period Income and Profit	0	0
3- Other Extraordinary Income and Profit	0	3,124
J- EXTRAORDINARY EXPENSES AND LOSSES (-)	0	0
INCOME FOR THE PERIOD	1,854,493	1,119,142
K- TAXES PAYABLE AND OTHER STATUTORY OBLIGATIONS (-)	(301,349)	(261,857)
NET INCOME FOR THE PERIOD	<u>1,553,144</u>	<u>857,285</u>

İŞ YATIRIM MENKUL DEĞERLER A.Ş.
CASH FLOW TABLE AS AT 31 DECEMBER 1998
(TL MILLION)

	31.12.1998	31.12.1997
A- CASH AT THE BEGINNING OF THE PERIOD	135	0
B- CASH INFLOW FOR THE PERIOD	922,436,797	140,328,113
1- Cash Inflows From Sales	920,539,880	137,768,680
a) Net Sales Income	922,647,756	138,032,234
b) Decrease in Trade Receivables (Resulting from Sales)	0	0
c) Increase in Trade Receivables (Resulting from Sales)	(2,107,876)	(263,554)
2- Cash Inflows from Income and Profit from Other Operations	1,594,453	934,991
3- Cash Inflows from Extraordinary Income and Profits	0	3,124
4- Increase in Short Term Liabilities (Non - Trade)	0	1,612,500
a) Marketable Security Issues	0	0
b) Other Increases	0	1,612,500
5- Increase in Long Term Liabilities (Non-Trade)	0	0
6- Capital Increase in Cash	0	0
7- Other Cash Inflows	302,464	8,818
C- CASH OUTFLOW FOR THE PERIOD	922,435,782	140,327,978
1- Cash Outflow Resulting from Costs	918,366,783	137,229,602
a) Cost of Sales	920,644,477	137,236,254
b) Increase in Inventories	0	0
c) Decrease in Payables (Trade)	5,907	0
d) Increase in Payables (Trade)	(2,280,722)	(5,907)
e) Expenses not Requiring Cash Outflow Such as Depreciation and Provisions (-)	(2,879)	(745)
f) Decrease in Inventories	0	0
2- Cash Outflow Related to Operating Expenses	906,675	305,121
a) Research and Development Expenses	0	0
b) Marketing, Sales and Distribution Expenses	78,848	46,830
c) General Administrative Expenses	846,042	258,570
d) Expenses not Requiring Cash Outflow (-)	(18,215)	(279)
3- Cash Outflow from Other Operating Expenses and Losses	43,066	10,880
a) Expenses and Losses on Other Operations	43,066	10,880
b) Expenses and Losses not Requiring Cash Outflow	0	0
4- Cash Outflow from Financial Expenses	855,922	298,673
5- Cash Outflow from Extraordinary Expenses and Losses	0	0
6- Cash Outflow from Investments in Long Term Assets	4,844	6,624
7- Principal Payment of Short Term Debts	1,612,500	0
8- Principal Payment of Long Term Debts	0	0
9- Taxes Paid	181,218	0
10- Dividends Paid	0	0
11- Other Cash Out flows	464,774	2,477,078
D- CASH AT THE END OF THE PERIOD	1,150	135
E- CASH INCREASE OR (DECREASE)	1,015	135

İŞ YATIRIM MENKUL DEĞERLER A.Ş.
COST OF GOODS SOLD TABLE AS AT 31 DECEMBER 1998
(TL MILLION)

	31.12.1998	31.12.1997
A- Marketable Securities; Cost of Sales	115,034,201	0
1- Opening Balance (+)	3,015	0
2- Purchases (+)	115,031,186	0
3- Closing Balance (-)	0	0
B- Private Sector Bonds; Cost of Sales	0	0
1- Opening Balance (+)	0	0
2- Purchases (+)	0	0
3- Closing Balance (-)	0	0
C- Commercial Papers Cost of Sales	0	0
1- Opening Balance (+)	0	0
2- Purchases (+)	0	0
3- Closing Balance (-)	0	0
D- Other Private Sector Bonds; Cost of Sales	0	0
1- Opening Balance (+)	0	0
2- Purchases (+)	0	0
3- Closing Balance (-)	0	0
E- Government Bonds; Cost of Sales	85,559,286	27,741,575
1- Opening Balance (+)	823,892	0
2- Purchases (+)	87,313,665	28,565,467
3- Closing Balance (-)	(2,578,271)	(823,892)
F- Treasury Bills; Cost of Sales	719,152,265	109,157,324
1- Opening Balance (+)	1,685,157	506,114
2- Purchases (+)	717,594,420	110,336,367
3- Closing Balance (-)	(127,312)	(1,685,157)
G- Other Public Sector Bonds and Bills; Cost of Sales	0	0
1- Opening Balance (+)	0	0
2- Purchases (+)	0	0
3- Closing Balance (-)	0	0
H- Other Marketable Securities; Cost of Sales	898,725	337,355
1- Opening Balance (+)	448,553	0
2- Purchases (+)	450,172	785,908
3- Closing Balance (-)	0	(448,553)
I- Cost of Securities Sold	920,644,477	137,236,254
J- Cost of Services Sold	0	0
Cost of Sales (I+J)	<u>920,644,477</u>	<u>137,236,254</u>

İŞ YATIRIM MENKUL DEĞERLER A.Ş.

NOTES TO THE BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 1998

1. ACTIVITIES OF THE COMPANY

İş Yatırım Menkul Değerler A.Ş. ("the Company") was registered with the Istanbul Trade Registry on 18 December 1996 and its foundation was announced in the Turkish Trade Registry Gazette number 4193 on 23 December 1996. The Company deals with capital market activities in accordance with its Articles of Association and Capital Market Law number 2499 as modified by Law number 3794. In this respect, the Company obtained the establishment permission through the Capital Market Board at its meeting number 51-1515 dated 5 December 1996.

2. SHAREHOLDERS WITH A SHAREHOLDING OF 10% OR MORE

Name	Share Ratio %	Share Group	Share Quantity	Share Amount TL Million
Türkiye İş Bankası A.Ş.	12	(A)	750,000,000	150,000
Türkiye İş Bankası A.Ş.	80	(B)	1,000,000,000	1,000,000

3. SPECIAL RIGHTS GRANTED TO ISSUED SHARES

The capital of the Company is TL 1,250,000,000,000 (Onetrilliontwohundredandfiftybillion Turkish Lira). This capital consists of 1,250,000,000 (Onebilliontwohundredandfifty million) shares of TL 1000 (One thousand Turkish Lira) each. All the stocks are issued to name. TL 150,000 Million of the shares is Group A and TL 1,100,000 Million is Group B. According to the Articles, additional Group A Shares cannot be issued in new capital increases.

4. REGISTERED CAPITAL LIMIT

The Company is not subject to the registered capital limit system.

5. CAPITAL INCREASES DURING THE YEAR

The capital of the Company, whose establishment was registered on 18 December 1996, was fully paid in cash by the shareholders as at the balance sheet date. TL 750,000 Million increase in capital in 1998 has been incorporated from extraordinary reserves.

6. SECURITIES OTHER THAN SHARES ISSUED DURING THE YEAR

None.

7. DEBT SECURITIES MATURED DURING THE YEAR

None.

8. MOVEMENTS OF TANGIBLE FIXED ASSETS DURING THE YEAR

a) Cost of acquired, built or purchased fixed assets is TL 4,844 Million. In addition, assets acquired through leasing total TL 49,303 Million and of this amount TL 9,344 Million is written as expense in the current period.

b) Cost of fixed assets scrapped or sold : None

c) Revaluation in the current period :

	TL Million
Cost of Assets (+)	4,181
Accumulated Depreciation (-)	(580)
	<u>3,601</u>

d) Construction in progress : None

İŞ YATIRIM MENKUL DEĞERLER A.Ş.

NOTES TO THE BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)

9. CURRENT AND FUTURE INVESTMENT ALLOWANCES WHICH ARE DEDUCTIBLE FROM TAX BASE

There is no investment allowance applicable to the current or following periods.

10. BALANCES WITH SHAREHOLDERS, AFFILIATES AND SUBSIDIARIES

As of the balance sheet date, the Company has TL 1,072 Million demand deposit in Türkiye İş Bankası A.Ş. which is one of the shareholders of the Company. In addition, the salary advances in the other short-term receivables account amounting to TL 20,731 Million represents personnel salaries deposited to Türkiye İş Bankası A.Ş. one day earlier. The Company did not have any creditor-debtor balances with shareholders in the current period other than the above deposit and salary advances.

11. ACCOUNTING PRINCIPLES AND VALUATION METHODS

Accounting Principles :

The Capital Market Board has published Decree No. XI/1 and other Decrees which amend or add to Decree No. XI/1. These Decrees define the principles and rules related to the preparation and presentation of financial statements and reports (hereinafter referred to as "generally accepted accounting principles issued by the Capital Market Board") to be prepared by those companies subject to Capital Market Law.

a) Marketable Securities :

Government bonds and treasury bills are valued through applying the effective interest rate, which is determined from the cost at the purchase date and the number of days to maturity. For the related government sector bonds, income is accrued for the period from acquisition date of securities to the balance sheet date.

b) Tangible Fixed Assets :

The Company's management believes that valuing tangible fixed assets by historical cost method is not suitable due to high inflation in Turkey. Hence, the Company revalues machinery, plant and equipment, vehicles, furniture and fixtures in accordance with revaluation coefficients announced by the Ministry of Finance every year. Revaluation reserve is incorporated into shareholders' equity.

The Company depreciates its tangible fixed assets in accordance with the taxation legislation on a straight-line method using the depreciation rates below:

	<u>%</u>
Machinery & Equipment	20
Vehicles	20
Fixture & Furniture	20

c) Trade Receivables :

Trade receivables are shown at their recorded values in the accounts and result from Company's marketable security trading and investments on behalf of its clients. These balances are not discounted on the basis that they are very short term and arising from the settlement system.

d) Income and Expenses :

The accruals basis of accounting is applied for the recognition of revenues and expenses. Accordingly, income is recorded into the accounts on the date of realization of services.

e) Retirement Pay Provision :

The retirement pay provision for personnel present at 31 December 1998 who have accrued entitlement as at that date in accordance with Labour Law is calculated and recorded in the financial statements.

f) Leasing :

The cost of assets acquired through leasing is written as expense as the rent invoices are received according to the payment schedule.

12. SUBSEQUENT EVENTS

Subsequent to the balance sheet date the retirement pay provision limit has been increased to TL 286,341,250.

Effective from 1999, Turkish tax legislation has been revised. According to the new tax legislation, the corporate tax rate will be increased to 30 % plus 10 % tax surcharges of the relevant tax amount. In addition, income withholding taxes on corporate income are payable if dividends are distributed. Consequently, if profits are retained, the Company's effective tax rate will be 33 % from 1999 onwards, and, if profits are distributed there will be additional withholding taxes. However, the withholding rates have yet to be formally announced.

13. CONTINGENCIES

A letter of guarantee amounting to TL 468,000 Million is given to Capital Market Board and İMKB as a guarantee for underwriting operations and stock exchange trading activities as of 31 December 1998.

14. CHANGES IN ACCOUNTING ESTIMATES

None.

15. MORTGAGES OR PLEDGES ON ASSETS

There are no mortgages or pledges on assets as at 31 December 1998, but Government Bonds with a cost of TL 866,370 Million and related accrued interest of TL 499,393 Million as at the balance sheet date, TL 1,365,763 Million in total (Nominal value: TL 700,000 Million) corresponding to the capital of TL 1,250,000 Million, are blocked at İMKB Takas ve Saklama Bankası A.Ş. ("Takasbank") as collateral on behalf of the Capital Market Board ("CMB").

16. INSURANCE ON ASSETS

As of 31 December 1998, the insurance amount on assets is as follows:

	Book Value TL Million	Insurance Total TL Million	Coverage
Vehicles	4,812	5,790	%120

17. GUARANTEES AND MORTGAGES RECEIVED

As of 31 December 1998 there are no mortgages received. The estimated fair value of the marketable securities received from customers as guarantee amounted to TL 237,114 Million (nominal value TL 45,698 Million).

18. CONTINGENT LIABILITIES

Contingent liabilities as of 31 December 1998 are as follows:

	TL Million
Letters of Guarantee Given	468,000
Repo Commitments	878,142
Reverse Repo Commitments On Behalf of Customers	20,030,103

19. BLOCKED DEPOSITS AT BANKS

None.

İŞ YATIRIM MENKUL DEĞERLER A.Ş.

NOTES TO THE BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)

22. DETAILS OF ACCOUNTS UNDER "OTHER" CAPTION IN THE FINANCIAL STATEMENTS WHICH EXCEED 20% OF THE TOTAL OF THE RELATING GROUP OR EXCEED 5% OF TOTAL ASSETS (Continued)

Prepaid taxes and funds amounting to TL 373,495 Million consist of withholding taxes and funds relating to the marketable securities matured during 1998.

- d) Other long-term receivables totalling TL 38,984 Million consist of prepaid leasing amounts, which will be expensed in future periods and have therefore not yet been recorded as expenses.
- e) Other financial tangible assets consists of TL 1,250 Million and 1% participation in TSKB Menkul Değerler Yatırım A.Ş. as of 31 December 1998.
- f) As indicated above, other trade payables consist of payables to customers for placements on behalf of customers on İMKB Takas ve Saklama Bankası A.Ş. Money Market, and customer accounts as of 31 December 1998. The content of the balance is as follows:

	<u>TL Million</u>
Money Market (Takasbank)	
İş Yatırım A Type Mutual Fund	2,195,000
Other	85,000
	<u>2,280,000</u>
	722
Customers	<u>2,280,722</u>

- g) Other Services Given :

	<u>TL Million</u>
Advisory Income	51,482
Investment Funds Portfolio Management Income	107,057
Portfolio Management Income	147,929
Corporate Finance Income	103,411
Other	14,926
	<u>424,805</u>

- h) Other Operating Income :

Income Accruals	909,057
Foreign Currency Marketable Securities Trading Income	48,741
Other	11,950
	<u>969,748</u>

- i) Other Operating Expenses and Losses :

Share Sales Losses	38,957
Other	4,109
	<u>43,066</u>

23. RECEIVABLE FROM AND PAYABLE TO PERSONNEL INCLUDED IN OTHER RECEIVABLES AND OTHER SHORT OR LONG TERM PAYABLES WHICH EXCEED 1% OF TOTAL ASSETS

None.

20. MARKETABLE SECURITIES UNDER MARKET VALUE

As of 31 December 1998 there are no marketable securities under market value. As of the balance sheet date, marketable securities of TL 2,705,583 Million in the portfolio have a cost value of TL 1,796,848 Million and the balance represents interest income accrual. Market value of the marketable securities in the portfolio as of the balance sheet date is approximately TL 2,729,286 Million.

The nominal value of marketable securities in the Company's portfolio as of 31 December 1998 is as follows :

	<u>TL Million</u>
Treasury Bills	218,087
Government Bonds	1,300,000
	<u>1,518,087</u>

In addition, marketable securities include Turkish Republic bonds (eurobonds) with nominal values of US \$ 90,037 and US \$ 60,000 maturing on 14.09.1999 and 07.06.1999, respectively.

21. SECURITIES ISSUED BY SHAREHOLDERS, AFFILIATES AND SUBSIDIARIES

There are no securities issued by shareholders, affiliates or subsidiaries in the Company's portfolio as of 31 December 1998.

22. DETAILS OF ACCOUNTS UNDER "OTHER" CAPTION IN THE FINANCIAL STATEMENTS WHICH EXCEED 20% OF THE TOTAL OF THE RELATING GROUP OR EXCEED 5% OF TOTAL ASSETS

a) Other Short Term Trade Receivables :

	<u>TL Million</u>
Receivables from Stock Exchange Money Market	2,280,000
	<u>2,280,000</u>

Receivables from Money Market consist of investments of the Company on behalf of customers. There is a corresponding payable to customers with the same amount in the liabilities on the balance sheet. Neither income nor expense accruals are accounted for these back to back transactions.

b) Short term other receivables :

	<u>TL Million</u>
Salary, Transportation and Subsidy Advances	20,731
Income Accruals for Consulting Fee and Commission Income	54,142
	<u>74,873</u>

c) Other Current Assets :

	<u>TL Million</u>
Prepaid taxes and funds	373,495
	<u>373,495</u>

İŞ YATIRIM MENKUL DEĞERLER A.Ş.

NOTES TO THE BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)

24. DOUBTFUL RECEIVABLES RELATING TO SHAREHOLDERS AFFILIATES AND SUBSIDIARIES

There is no doubtful receivable relating to shareholders, affiliates or subsidiaries as of 31 December 1998.

25. DOUBTFUL RECEIVABLES

None.

26. EQUITY INVESTMENTS

	Participation Percentage %	Participation Total TL Million
TSKB Menkul Değerler Yatırım A.Ş.	1	1,250

As of the date of this report, the audited financial statements of TSKB Menkul Değerler Yatırım A.Ş. were not yet available. As per the unaudited financial statements not prepared in accordance with Capital Market Board standards, TSKB Menkul Değerler Yatırım A.Ş.'s profit before tax for the year ended 31 December 1998 is TL 166,238 Million.

27. BONUS SHARES ISSUED BY AFFILIATES AND SUBSIDIARIES

None.

28. NON CASH RIGHTS ON IMMOVABLES

There are no non cash rights on immovables as of 31 December 1998.

29. REVALUATION OF TANGIBLE FIXED ASSETS

Tangible Fixed Assets	Revaluation		Amount	(TL Million)
	1996	1997	1998	
Machinery, Plant and Equipment	-	-	-	1,031
Vehicles	-	-	-	3,082
Furniture & Fixture	-	-	-	68
	-	-	-	4,181

30. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

There are no assets and liabilities in foreign currencies.

31. GUARANTEES GIVEN ON BEHALF OF SHAREHOLDERS, AFFILIATES AND SUBSIDIARIES

There are no guarantees given as of 31 December 1998.

32. PERSONNEL STRUCTURE

Number of personnel as at 31 December 1998 is 102 and details are given below :

	Number
Executives	7
Managers	15
Specialists	31
Brokers	13
Administrative & Other	36
TOTAL	102

33. OTHER SIGNIFICANT MATTERS AFFECTING THE FINANCIAL STATEMENTS

The table below represents a summary of underwriting transactions during the current year.

Quoted Company	Amount of Sale Realized by the Company		Total Amount of Issue	
	Lot	TL Million	Lot	TL Million
İDAŞ İstanbul Döşeme San. A.Ş.	3,162	41,106	25,400	330,200
Vakko Tekstil	26,631	336,176	112,500	1,546,875
Türkiye İş Bankası A.Ş.	1,791,543	53,156,588	2,482,100	132,952,527
Doğan Yayın Holding A.Ş.	57,929	208,544	765,000	2,754,000

As of the balance sheet date marketable securities under the Company's custody on customers' behalf are as follows :

	Nominal Amount TL Million
Shares	45,698
Government Bonds	9,093,822
Treasury Bills	26,289,732

In addition, there are 39,707,800 investment fund participation certificates under the Company's custody.

1. The depreciation expenses and the amortization charges for the period are TL 3,459 Million.

	TL Million
a. Depreciation Expenses	
aa. Normal Depreciation Expenses	2,879
ab. Depreciation Expenses Resulting from Revaluation	580
b. Amortization Charges	-

2. There is no discounting expense, but retirement pay provision expense amounting to TL 18,215 Million for the current period.

3. The financial expenses for the period are TL 855,922 Million.

	TL Million
a. Included in Costs of Sales	-
b. Included in Fixed Asset Costs	-
c. Directly Recorded as Expense	855,922

4. Financial expenses related to affiliates, subsidiaries and equity participations for the current period :

There are no financial expenses related to affiliates, subsidiaries or equity participations for the current period.

İŞ YATIRIM MENKUL DEĞERLER A.Ş.

NOTES TO THE BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 1998 (continued)

5. Sales and purchases from shareholders, affiliates and subsidiaries are as follows :

Company	Transaction	Purchases (Cost) TL Million	Sales TL Million
Türkiye İş Bankası A.Ş.	Repo	9,428,342	9,404,800
Türkiye İş Bankası A.Ş.	Reverse Repo	4,622,607	4,633,833
Türkiye İş Bankası A.Ş.	Purchase of Shares	92,448,865	-
Türkiye İş Bankası A.Ş.	Sales of Shares	-	78,813,806

6. Rent, insurance premium and similar items paid to shareholders, affiliates and subsidiaries are as follows :

	Rent Paid TL Million	Insurance Premium Paid TL Million
Anadolu Anonim Türk Sigorta Şti.	-	564
İş Genel Finansal Kiralama A.Ş.	9,344	-
	<u>9,344</u>	<u>564</u>

The Company traces transactions of Türkiye İş Bankası A.Ş. ("İşbank") in the name of its client in İşbank account. Commission income from this account is TL 314,823 Million.

7. The total of salary and fringe benefits for executives is TL 50,648 Million in the current period.
8. The amortization expense for the period did not increase or decrease due to changes in amortization calculation methods and alterations in these methods.
9. Company has no inventories as of 31 December 1998, hence, there is no inventory cost calculation system, but the company uses the weighted-average cost system to value marketable securities.
10. No stock-take is performed, since the Company has no stocks as of 31 December 1998. The Company's marketable securities related with clients and its own assets are in safekeeping.
11. There is no service or by-product, or scrap sales exceeding 20% of sales.
12. There are no subsidies relating to the 1998 sales of the Company.
13. There are no revenues and expenses relating to the previous year.
14. Profit and dividend per preferred and common stocks :

As of the date of this report, the Company's Board of Directors did not calculate profit per share and distribution figures for each class of shares relating to 1998 operations, since these will be discussed and approved at the General Assembly, and hence did not prepare a profit distribution table. For this reason, this report does not present a profit distribution table.

15. Changes in the Company's goods and services production quantities in the period :

None.

16. Changes in the Company's goods and services sales quantities in the period :

None.

directory

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