

**İŞ YATIRIM ORTAKLIĞI
ANONİM ŞİRKETİ
(Previously İŞ B TİPİ YATIRIM ORTAKLIĞI
ANONİM ŞİRKETİ)**

**Financial Statements
As At And For The Year Ended
31 December 2014
With Independent Auditors' Report Thereon**

*(Convenience Translation of Financial Statements and
Related Disclosures and Footnotes
Originally Issued in Turkish)*

**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi**

29 January 2015

*This report contains 2 pages of
independent auditors' report and
36 pages of financial
statements and explanatory notes.*

**İş Yatırım Ortaklığı
Anonim Şirketi**

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**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.**

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**Convenience Translation of the Independent Auditors' Report
As at 31 December 2014 Originally Prepared and Issued in Turkish (See Note 2.1.1)**

To the Board of Directors of İş Yatırım Ortaklığı Anonim Şirketi,

Report on the Financial Statements

We have audited the accompanying financial statement of İş Yatırım Ortaklığı Anonim Şirketi (Previously "İş B Tipi Yatırım Ortaklığı Anonim Şirketi") ("the Company") as at 31 December 2014, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 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 financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the 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 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 accompanying financial statements give a true and fair view of the financial position of the İş Yatırım Ortaklığı Anonim Şirketi (Previously İş B Tipi Yatırım Ortaklığı Anonim Şirketi) as at 31 December 2014, and of its financial performance and its cash flows for the year 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 29 January 2015.
- 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 the Company's bookkeeping activities, financial statements for the period 1 January - 31 December 2014 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 requested documents in connection with the audit.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member of KPMG International Cooperative



Funda Aslanoglu, SMMM
Partner
29 January 2015
İstanbul, TURKEY

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İŞ YATIRIM ORTAKLIĞI AŞ
STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS AT 31 DECEMBER 2014
(Currency: In Turkish Lira ("TL"))

	<i>Notes</i>	Audited	Audited
		31 December 2014	31 December 2013
ASSETS			
Current Assets		260.153.499	261.775.234
Cash and cash equivalents	3	216.244	9.924.240
Investment securities	4	258.928.299	248.249.495
Trade receivables	5	1.001.531	3.596.261
<i>Due from third parties</i>	5	<i>1.001.531</i>	<i>3.596.261</i>
Other current assets	11	7.425	5.238
Non-current Assets		88.614	101.615
Investment securities	4	1	1
Tangible assets	7	74.036	92.622
Intangible assets	8	14.577	8.992
TOTAL ASSETS		260.242.113	261.876.849
LIABILITIES			
Current Liabilities		469.634	1.084.816
Trade payables	5	165.371	198.971
<i>Due to related parties</i>	18	<i>165.371</i>	<i>117.421</i>
<i>Other trade payables</i>		-	<i>81.550</i>
Other payables	6	41.568	20.042
<i>Due to related parties</i>	18	<i>10.564</i>	<i>7.134</i>
<i>Other payables</i>		<i>31.004</i>	<i>12.908</i>
Short term provisions		262.695	865.803
<i>Employee benefits</i>	10	<i>129.822</i>	<i>74.604</i>
<i>Other short term provisions</i>	9	<i>132.873</i>	<i>791.199</i>
Non-current Liabilities		127.864	109.026
Long term provisions		127.864	109.026
<i>Employee benefits</i>	10	<i>127.864</i>	<i>109.026</i>
EQUITY		259.644.615	260.683.007
Paid-in capital	12	160.599.284	160.599.284
Inflation adjustment to share capital		968.610	968.610
Share premium		59.922	59.922
Restricted reserves	12	27.877.230	25.458.382
Retained earnings	12	41.145.445	69.219.901
Profit for the period		28.994.124	4.376.908
TOTAL LIABILITIES AND EQUITY		260.242.113	261.876.849

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

İŞ YATIRIM ORTAKLIĞI AŞ
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2014
(Currency: In Turkish Lira ("TL"))

		Audited 1 January – 31 December 2014	Audited 1 January – 31 December 2013
	<i>Notes</i>		
CONTINUING OPERATIONS			
Sales	13	355.541.504	397.266.388
Cost of sales (-)	14	(325.210.752)	(391.266.245)
GROSS PROFIT		30.330.752	6.000.143
Administrative expenses (-)	15	(1.956.879)	(1.546.935)
Other operating incomes	16	668.421	-
Other operating expenses (-)	16	(48.170)	(76.300)
OPERATING PROFIT/ (LOSS)		28.994.124	4.376.908
PROFIT/ (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX		28.994.124	4.376.908
Tax income / (expense) on continuing operations		-	-
PROFIT / (LOSS) FROM CONTINUING OPERATIONS		28.994.124	4.376.908
DISCONTINUED OPERATIONS		-	-
PROFIT /(LOSS) FOR THE YEAR		28.994.124	4.376.908
Basic earnings share (per value of TL 1) from continuing operations	17	0,1805	0,0273
Diluted earnings share (per value of 1 TL) from continuing operations	17	0,1805	0,0273

The accompanying notes are an integral part of

these financial statements.

İŞ YATIRIM ORTAKLIĞI AŞ
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014
(Currency: In Turkish Lira (“TL”))

	Audited	Audited
	1 January –	1 January –
	31 December	31 December
<i>Notes</i>	2014	2013
PROFIT FOR THE PERIOD	28.994.124	4.376.908
Items that will never be reclassified to profit or loss	-	-
<i>Remeasurements of defined benefit liability / asset</i> 10	(450)	17.717
Items that are or may be reclassified to profit or loss	-	-
TOTAL COMPREHENSIVE INCOME	28.993.674	4.394.625

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

İŞ YATIRIM ORTAKLIĞI A.Ş.
STATEMENT OF CHANGES IN
FOR THE YEAR ENDED 31 DECEMBER 2023
(Currency: In Turkish Lira ("TL"))

		<i>Accumulated Profits</i>					
		Inflation					
<i>Notes</i>	Paid-in capital	Inflation adjustment to share capital	Share premium	Restricted reserves	Retained earnings	Profit / (Loss) for the year	Equity
1 January 2013	160,599,284	968,610	59,922	20,673,453	58,580,118	47,526,852	288,408,239
Transfers	-	-	-	4,784,929	42,741,923	(47,526,852)	-
Total comprehensive income	-	-	-	-	17,717	4,376,908	4,394,625
Dividends paid	-	-	-	-	(32,119,857)	-	(32,119,857)
Balances at 31 December 2013	160,599,284	968,610	59,922	25,458,382	69,219,901	4,376,908	260,683,007
1 January 2014	160,599,284	968,610	59,922	25,458,382	69,219,901	4,376,908	260,683,007
Transfers	-	-	-	2,418,848	1,958,060	(4,376,908)	-
Total comprehensive income	-	-	-	-	(450)	28,994,124	28,993,674
Dividends paid	-	-	-	-	(30,032,066)	-	(30,032,066)
Balances at 31 December 2014	160,599,284	968,610	59,922	27,877,230	41,145,445	28,994,124	259,644,615

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

İŞ YATIRIM ORTAKLIĞI AŞ
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2014
(Currency: In Turkish Lira ("TL"))

		Audited	Audited
	<i>Notes</i>	1 January – 31 December 2014	1 January – 31 December 2013
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit / (loss) for the period		28.994.124	4.376.908
<i>Profit / (loss) reconciliation adjustments for the period:</i>			
Fair value losses / (gains)	13	(10.452.604)	10.962.208
Depreciation and amortisation	7,8	39.809	40.663
Increase in provision for employee benefits	10	131.962	67.763
Change in provision expense	9	(658.326)	63.346
Change in interest accruals		1.928	(1.890)
Dividend income	13	(652.208)	(2.779.240)
Portfolio management commission and other accrued expenses	5	165.371	117.421
		17.570.056	12.847.179
<i>Change in working capital:</i>			
Change in financial investment		(226.200)	21.554.208
Change in trade receivables		2.594.730	4.313.136
Change in other receivables		-	3.427
Change in other current assets		(2.187)	(2.022)
Change in trade payables		(198.971)	(35.810)
Change in other payables		21.526	(49.719)
Employee benefits paid	10	(58.356)	(64.632)
		19.700.598	38.565.767
<i>Cash inflows from operating activities</i>			
Dividends received	13	652.208	2.779.240
Net cash from operating activities		20.352.806	41.345.007
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of tangible assets and intangible assets	7,8	(26.808)	(9.604)
Net cash used in investing activities		(26.808)	(9.604)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	12	(30.032.066)	(32.119.857)
Net cash used in financing activities		(30.032.066)	(32.119.857)
NET INCREASE/ (DECREASE) ON CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF EXCHANGE RATE FLUCTUATIONS			
		(9.706.068)	9.215.546
D. EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS			
		-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(9.706.068)	9.215.546
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD			
		9.922.249	706.703
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	3	216.181	9.922.249

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

İŞ YATIRIM ORTAKLIĞI AŞ
NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2014
(Currency: In Turkish Lira ("TL"))

1. ORGANISATION AND OPERATIONS OF THE COMPANY

The purpose of İş Yatırım Ortaklığı AŞ ("the Company") is to perform capital market activities in accordance with its Articles of Association and Capital Markets Law and the related regulation. Since A and B type investment trust distinction has been abolished in accordance with the Capital Markets Board's Communiqué No: III-48.2, "Principles Concerning Investment Trusts" issued on 29 August 2013, the Company's existing title of İş B Tipi Yatırım Ortaklığı AŞ, was amended as İş Yatırım Ortaklığı AŞ as of 11 April 2014.

The Company was established at 1995 and operates in İş Kuleleri Kule 1, Kat: 5 Levent / İstanbul. The main shareholder of the Company is İş Yatırım Menkul Değerler A.Ş which is a subsidiary of Türkiye İş Bankası A.Ş. The Company was offered to public on 1 April 1996. The operating activity of the Company is portfolio management and as at 31 December 2014 the average number of employees of the Company is 6 (31 December 2013: 4). The company has no participations, subsidiaries or joint ventures. The Company's portfolio is professionally managed by İş Portföy Yönetimi AŞ in accordance with the principle of risk diversification.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Accounting principles and statement of compliance to TAS

The Company prepared the financial statements for the year ended as of 31 December 2014 in accordance with the Communiqué Serial Number II, No: 14.1, "Communiqué of Financial Reporting in Capital Markets" ("Communiqué") issued by the Capital Market Board ("CMB") at Official Gazette dated 13 June 2013 and numbered 28676, and in accordance with the Turkish Accounting Standards ("TAS") which was communicated by Public Oversight Accounting and Auditing Standards Agency ("POA"). TAS; Turkish Accounting Standards, is comprised by Turkish Financial Reporting Standards' supplements and explanations.

As per the 17 March 2005 dated and 11/367 numbered resolution of the CMB, it was decided that the application of inflation accounting is no longer required for the companies operating in Turkey and preparing the financial statements in accordance with the CMB Accounting Standards beginning from 1 January 2005. Therefore, starting from 1 January 2005, TAS 29: "Financial Reporting in Hyperinflationary Economies", has not been applied in the financial statements.

The financial statements and its explanatory notes have been prepared in accordance with the announcement regarding CMB's Communiqué.

The financial statements are prepared on a historical cost basis except for the financial assets at fair value through profit or loss. Historical cost is based on the actual amount on money paid for assets. As at 31 December 2014, the statement of financial position, statement of profit or loss, other comprehensive income and notes to the financial statements for the year ended of the Company have been approved by the Board of Directors of the Company on 29 January 2015.

Additional paragraph for convenience translation to English:

As explained in note 2.1, the accompanying financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting and also for certain reclassification requirement of the POA/CMB. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

İŞ YATIRIM ORTAKLIĞI AŞ
NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2014
(Currency: In Turkish Lira ("TL"))

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.1.2 Functional and presentation currency

The financial statements of the Company are presented in the currency of the primary economic environment (functional currency) in which the entity operates. The financial position and the results of the Company's operations have been expressed in Turkish Lira ("TL"), which are the functional currency of the Company and the presentation currency of the financial statements.

2.1.3 Comparative information

The accompanying financial statements have been comparatively prepared with the prior period to determine the trends in financial position, performance and cash flows of the Company. If the presentation or classification of the financial statements is changed, in order to maintain comparability, financial statements of the prior periods are also reclassified and respective disclosures for the situations are made.

2.2 Changes in Accounting Policies and Errors

Material changes in accounting policies or material errors (if any) are corrected, retrospectively; restating the prior period financial statements. The Company has applied its accounting policies consistently with prior year. There are not any significant changes in accounting policies or detected material errors of the Company in the current period.

2.3 Changes in Accounting Estimates

If the changes in accounting estimates are related with a period, they are applied in the period they are related with and if the changes are related with the future periods, they are applied both in the period the change is made and prospectively in future periods. There are not any significant changes in accounting estimates of the Company in the current period.

2.4 Standards and interpretations implemented and not yet adopted as at 31 December 2014

Standards and interpretations that are effective in 2014

The Company has applied all the standards issued by Public Oversight Accounting and Auditing Standards Agency and all interpretations issued by Turkish Financial Reporting Standards and Turkish accounting standards which are effective as of related period.

İŞ YATIRIM ORTAKLIĞI AŞ
NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2014
(Currency: In Turkish Lira ("TL"))

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.4 Standards and interpretations implemented and not yet adopted as at 31 December 2014 (continued)

Standards and interpretations that are not yet effective as of 31 December 2014

There are a set of updates to new standards and interpretations are not yet effective and are not early adopted to financial statements for the year ended as of 31 December 2014.

IFRS 9 (2010) introduces a new requirement in respect of financial liabilities. Amendments to IFRS 9 (2011), will affect the classification and measurement of financial assets and financial liabilities at fair value profit or loss. Financial liabilities designated under the fair value option to generally present fair value changes that are attributable to the liability's credit risk in other comprehensive income rather than in profit or loss. The amendments will be effective for annual periods beginning on or after 1 January 2018. The Company has not planned the early adoption of this standard and not evaluated the potential effect of this standard.

2.5 Summary of Significant Accounting Policies

Revenue and cost of sales

The Company revenue consist of the sales of securities, redeem and interest income, dividends, net valuation gain / (loss) and derivative income /expenses. Income on sale of securities are recorded as income to the profit or loss on the settlement date of transaction; dividend and similar revenues from share certificates are recognised when the shareholders' rights to receive payment have been established. Interest income, commission expenses and other expenses are recognized as income on an accrual basis. Interest income include the fixed rate coupon payments, interest income from money market placements and reverse repurchase agreements and income derived from the funds given as collateral for futures trading.

Costs of sales consist of the cost of sales of securities in the portfolio, commission and clearing expenses. Commission expenses are recognized on an accrual basis.

Fee and commissions

Fee and commissions mainly include commissions given to İş Yatırım Menkul Değerler AŞ which is brokerage company and to İş Portföy Yönetimi AŞ as portfolio management fees. All fee and commissions are recognised in profit or loss on an accrual basis.

Tangible assets

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

Depreciation

Tangible assets are depreciated principally on a straight-line basis considering estimated useful lives. Estimated useful lives, residual value and depreciation method are reviewed every year to estimate the possible effects of changes and if there is a change in estimation, revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimated useful lives of tangible assets are as follows:

Tangible Assets	Estimated Useful Life (Year)
Furniture and fixtures	4 - 5 years
Leasehold improvements	5 years

İŞ YATIRIM ORTAKLIĞI AŞ
NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2014
(Currency: In Turkish Lira ("TL"))

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

Subsequent costs

The costs of replacing a component of an item of tangible asset is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. All other costs are recognized in profit or loss as incurred.

Gains and losses of sale of a tangible asset is determined by offsetting the carrying value with recovered amount and recognized through profit or loss in the other operating income / loss account.

Intangible assets

Intangible assets acquired before 1 January 2005 are stated at cost adjusted for the effects of inflation through 31 December 2004, and intangible assets purchased after 1 January 2005 are recorded at their acquisition cost less accumulated depreciation and accumulated impairment losses. Intangible assets are amortised principally on a straight-line basis considering the estimated useful lives. Estimated useful lives and depreciation method are reviewed every year to estimate the possible effects of changes and changes in estimation accounted for prospectively. Intangible assets are comprised of information technologies and computer softwares. Purchased computer software are capitalized on purchasing costs incurred during the purchase and until they are ready to use. Intangible assets are amortised over their estimated useful lives (3 years) from the date of acquisition.

Impairment of assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its related cash generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value. Impairment losses are recognized in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined; if no impairment loss had been recognized.

Borrowing costs

All borrowing costs are recognized in profit or loss in the period which they are incurred.

İŞ YATIRIM ORTAKLIĞI AŞ
NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2014
(Currency: In Turkish Lira (“TL”))

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(continued)*

2.5 Summary of Significant Accounting Policies *(continued)*

Financial instruments

Financial assets

All financial assets are recognized and derecognized on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value.

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

Effective interest method

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

Income related with financial assets which are classified as not financial assets at fair value through profit or loss is calculated by using effective interest method.

Financial assets at fair value through profit or loss

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 held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Held-to-maturity investments

As at reporting period ended, the Company has no held to maturity investment securities in its portfolio.

Available-for-sale financial assets

Available for sale financial assets are initially recognised at fair value plus the transaction costs that are directly attributable to its acquisition costs. After the initial recognition, available for sale investment securities are measured at fair value if respective fair values can be reliably measured; all unquoted available for sale stocks are recorded by considering impairment at cost value, since respective fair values cannot be reliably measured.

İŞ YATIRIM ORTAKLIĞI AŞ
NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2014
(Currency: In Turkish Lira ("TL"))

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Reverse repurchase agreements

Marketable securities held as part of resale agreement commitments ("reverse repo") are accounted for under cash and cash equivalents in the statement of financial position. 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 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. As at 31 December 2014, the Company has no any credit transaction (31 December 2013: None).

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, 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 profit or loss.

With the exception of available for sale 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 available for sale equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in other comprehensive income.

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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

Financial Liabilities

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

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

The Company has no financial liabilities at fair value through profit or loss ("FVTPL").

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.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Share capital and dividends

Common shares are classified as issued capital. 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.

Foreign currency transactions

In the preparation of the financial statements of the Company, transactions in foreign currencies (other currencies except TL) are recorded at exchange rates at the dates of the transactions. Monetary assets and liabilities indexed foreign exchange in the financial position are translated into TL at exchange rates at the end of the reporting period.

As at 31 December 2014 and 31 December 2013, the Company has no transactions in foreign currencies.

Earnings per share

Earnings per shares are calculated by dividing profit or loss by the weighted average number of ordinary shares outstanding during the period.

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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

Events after the reporting period

Events after the reporting period represent the events that occur against or on behalf of the Company between the reporting date and the date when statement of financial position was authorised for the issue. If there is evidence of such events as of reporting date or if such events occur after reporting date and if adjustments are necessary, the Company's financial statements are adjusted according to the new situation. The Company discloses the post-balance sheet events that are not adjusting events but material.

Leasing transactions

Finance lease

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value deducting accumulated depreciation and impairment and the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. As of 31 December 2014 and 31 December 2013, the Company has not any finance lease transactions.

Operating lease

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

Related parties

In the accompanying financial statements, key management personnel of the Company and Board of Directors, their family and controlled or dependent companies, associates and subsidiaries are all accepted and referred to as related parties ("Related Parties"). Shareholders, Board of Directors and Audit Committee members are also included in the related parties. Related party transactions are explained as the transfer of the asset and liabilities between institutions with or without a charge.

Provisions, contingent liabilities and contingent assets

According to "TAS 37 - Turkish Accounting Standards on provisions, contingent liabilities and assets" a provision is recognized when the Company has a legal or 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. If the specified criteria are not met, the Company discloses the related issues in the accompanying notes.

Contingent assets are disclosed where an inflow of economic benefits is probable. If it has become virtually certain that an inflow of economic benefits will arise, the assets and related income are recognized in the financial statements in which the change occurs.

Segment reporting

Since the Company does not have operating segments whose operating results are separately reviewed and performances assessed by the decision makers of the Company, no segment reporting information is considered as necessary.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

Taxation

Effective from 1 January 2006, in accordance with Article 5/(1)-d of the Corporate Tax Law dated 21 June 2006 and No: 5520, portfolio management income by securities investment funds and trusts founded in Turkey are exempt from corporate tax. This exemption is also applied to the advance corporate tax. This exemption is also applicable to Quarterly Advance Corporate Tax.

Based on Article 15 (3) of the Corporate Tax Law, 15% withholding tax is deducted against the portfolio management income, which is exempt from tax, whether it is distributed or not. The Council of Ministers is authorized to reduce the deduction rates referred to in the Article 15 of the Corporate Tax Law to nil or to increase it up to the corporate tax rate and differentiate the related deduction according to fund and entity types or the nature and distribution of the assets of the portfolio of such funds and entities within the related limits. Accordingly, the mentioned effective tax rate is 0% on portfolio management income based on the Council of Ministers decision No: 2009/14594.

According to the Corporate Tax Law numbered 5520, Article 34, 8th Clause, tax stoppage of incomes arising from portfolio management of security investing funds and partnerships' should be deducted from corporate tax stoppage, or if this is not an option, should be refunded upon application. It is required that the stoppage has been paid to tax authorities.

Based on the Law No: 5281, effective between 1 January 2006 and 31 December 2015 in accordance with the Law No: 5527 which added to the Income Tax Law through of the law numbered 193 and Temporary Article 67/ (1), the rate of income tax deduction is 0% for gains derived from the alienation and retention of the marketable securities and other capital market instruments as from 1 October 2006.

In accordance with Corporate Tax Law and Income Tax Law, there is no further withholding tax for the gain from marketable securities investment funds and marketable securities investment trusts under the Temporary Article 67, 2nd and 4th numbered clauses.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

Employee Benefits

Reserve for employee severance indemnity

Under the Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognized in the financial statements represents the present value of the defined benefit obligation. All actuarial gains and losses have been recognized in the other comprehensive income.

The main assumptions used in net present value calculation are as follows:

	31 December 2014	31 December 2013
	(%)	(%)
Net discount rate	3,00	3,00
Turnover rate to estimate the probability of retirement	100	100

Pension Plans

The Company does not have any pension and post employment benefit plans.

Statement of Cash Flows

In the statement of cash flows, the cash flows for the period are reported with a classification of operating, investment and financing activities. Cash flows related with operating activities compose of cash flows arising from portfolio management operations of the Company. Cash flows related with investment activities compose of cash flows that the Company uses in investment activities or generates from investment activities (tangible investments). Cash flows related with financing activities represent resources that the Company uses for financing activities and the reimbursements of such resources.

Turkish Derivatives Exchange market ("TDE") transactions

All cash collaterals given by the Company for the transactions made in the TDE are classified as trade receivables as gross. Gains and losses arising from the transactions in the current period are recognised in profit or loss from main operations. The net amount of fair value differences recognised in profit or loss, and interest income from the remaining part of the collateral amounts arising from the open transactions are presented in trade receivables.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS *(continued)*

2.6 Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with the 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 9 – Provisions, contingent liabilities and contingent assets

Note 10 – Provisions for the the employee benefits

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3. CASH AND CASH EQUIVALENTS

	31 December 2014	31 December 2013
Cash at banks	6.181	12.249
<i>Demand deposits and cash</i>	<i>6.181</i>	<i>12.249</i>
Receivables from money market	210.063	910.206
Receivables from reverse repo agreements	-	9.001.785
Total	216.244	9.924.240

Receivables from money market placements:

	Interest Rate	Maturity	Cost	Carrying Value
31 December 2014				
TL	10,75%	2 January 2015	210.000	210.063
			210.000	210.063
	Interest Rate	Maturity	Cost	Carrying Value
31 December 2013				
TL	8,15%	2 January 2014	910.000	910.206
			910.000	910.206

Receivables from reverse repo agreements:

As of 31 December 2014, the Company has no receivables from reverse repurchase agreements.

	Interest Rate	Maturity	Cost	Carrying Value
31 December 2013				
TL	7,24%	2 January 2014	9.000.000	9.001.785
			9.000.000	9.001.785

As of 31 December 2014 and 31 December 2013, cash and cash equivalents less accrued income interest and increment value accruals in the statement of cash flows are as follows:

	31 December 2014	31 December 2013
Cash and cash equivalents	216.244	9.924.240
Accrued interest income	(63)	(1.991)
	216.181	9.922.249

Explanations about the nature and level of risk of cash and cash equivalents are summarized in Note 19.

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4. INVESTMENT SECURITIES

	31 December 2014	31 December 2013
Financial assets at fair value through profit/loss	258.928.299	248.249.495
Available for sale investment securities	1	1
Total	258.928.300	248.249.496

The investment securities are mainly held for trading and measured at fair value. The fair value is derived using the highest bid price for the respective financial asset in the Istanbul Stock Exchange as of 31 December 2014 or, in the absence of a quoted price at that date, the most recent transaction price, in the absence of these, asset is carried at its amortised cost using the effective interest method.

As of 31 December 2014, available for sale investment securities are carried at cost comprising TSKB Gayrimenkul Değerleme AŞ shares amounting to TL 1 (31 December 2013: TSKB Gayrimenkul Değerleme AŞ shares amounting to TL 1).

	31 December 2014		
Financial assets at fair value through profit/loss	Nominal	Fair Value	Carrying Value
Debt securities			
Government bonds	90.800.000	95.506.248	95.506.248
Private sector bonds	122.610.000	123.965.958	123.965.958
Total	213.410.000	219.472.206	219.472.206
Share certificates			
Quoted share certificates	6.146.008	39.456.093	39.456.093
Total	219.556.008	258.928.299	258.928.299

	31 December 2013		
Financial assets at fair value through profit/loss	Nominal	Fair Value	Carrying Value
Debt securities			
Government bonds	113.300.000	111.192.398	111.192.398
Private sector bonds	92.448.831	92.923.266	92.923.266
Total	205.748.831	204.115.664	204.115.664
Share certificates			
Quoted share certificates	7.477.414	44.133.831	44.133.831
Total	213.226.245	248.249.495	248.249.495

As of 31 December 2014, interest rates of debt securities classified as financial asset at fair value through profit or loss are between 6,9% - 12,8% per annum (31 December 2013: 7%-12,9%).

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5. TRADE RECEIVABLES AND TRADE PAYABLES

As at 31 December 2014 and 31 December 2013, the Company has neither past due nor doubtful trade receivables. As of 31 December 2014 and 31 December 2013, the detailed information on short-term trade receivables is as follows:

	31 December 2014	31 December 2013
TDE transaction collaterals	532.531	3.596.261
Receivables from sale of marketable securities	469.000	-
Total	1.001.531	3.596.261

As at 31 December 2014 and 31 December 2013, the detailed information on short-term trade payables is as follows:

	31 December 2014	31 December 2013
Portfolio management commission (Note 18)	97.130	99.083
Portfolio custody commission (Note 18)	67.502	-
Commissions payable (Note 18)	739	18.338
Marketable securities purchase payable	-	81.550
Total	165.371	198.971

The nature and level of risks for trade receivables and payables are disclosed in Note 19.

6. OTHER RECEIVABLES AND OTHER PAYABLES

As at 31 December 2014 and 31 December 2013, the detailed information on short-term other receivables are as follows:

	31 December 2014	31 December 2013
Tax payables	29.234	12.848
Other payables to related parties (Note 18)	10.564	7.134
Other miscellaneous payables	1.770	60
Total	41.568	20.042

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7. TANGIBLE ASSETS

	Furniture and fixtures	Leasehold improvements	Total
Cost			
1 January 2014 opening balance	157.311	61.216	218.527
Purchases	7.304	-	7.304
31 December 2014 closing balance	164.615	61.216	225.831
Accumulated depreciation			
1 January 2014 opening balance	(113.238)	(12.667)	(125.905)
Charge for the year	(13.647)	(12.243)	(25.890)
31 December 2014 closing balance	(126.885)	(24.910)	(151.795)
Net carrying amount			
1 January 2014	44.073	48.549	92.622
31 December 2014	37.730	36.306	74.036
	Furniture and Fixtures	Leasehold improvements	Total
Cost			
1 January 2013 opening balance	150.865	58.467	209.332
Purchases	6.446	2.749	9.195
31 December 2013 closing balance	157.311	61.216	218.527
Accumulated depreciation			
1 January 2013 opening balance	(94.866)	(974)	(95.840)
Charge for the year	(18.372)	(11.693)	(30.065)
31 December 2013 closing balance	(113.238)	(12.667)	(125.905)
Net carrying amount			
1 January 2013	55.999	57.493	113.492
31 December 2013	44.073	48.549	92.622

As at 31 December 2014 and 31 December 2013, there is no pledge on tangible assets.

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8. INTANGIBLE ASSETS

	Other intangible assets (*)	Total
Cost		
1 January 2014 opening balance	59.249	59.249
Purchases	19.504	19.504
31 December 2014 closing balance	78.753	78.753
Accumulated depreciation		
1 January 2014 opening balance	(50.257)	(50.257)
Charge for the year	(13.919)	(13.919)
31 December 2014 closing balance	(64.176)	(64.176)
Net carrying amount		
1 January 2014	8.992	8.992
31 December 2014	14.577	14.577
	Other intangible assets (*)	Total
Cost		
1 January 2013 opening balance	58.840	58.840
Purchases	409	409
31 December 2013 closing balance	59.249	59.249
Accumulated depreciation		
1 January 2013 opening balance	(39.659)	(39.659)
Charge for the year	(10.598)	(10.598)
31 December 2013 closing balance	(50.257)	(50.257)
Net carrying amount		
1 January 2013	19.181	19.181
31 December 2013	8.992	8.992

(*) Comprised of softwares.

As at 31 December 2014 and 31 December 2013, the Company does not have any internally generated intangible assets.

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9. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions

Based on the amendments to article 29/t of Expense Taxes Law numbered 6802 in respect to clause 32/8 of Law numbered 5838, the effective date of exemption in regards to Banking and Insurance Transactions Tax ("BITT") levied on transactions performed in capital markets for investment trusts is 1 March 2009. In this respect, the Company has provided a BITT provision amounting to TL 791.199 principal and overdue interest as at 31 December 2013 with regards to 2008 and January – February 2009 transactions based on the best estimates and accordingly recognised additional provision amounting to TL 10.495 under other operating expenses. During the period, due to related liability has timed out, the portion belongs to the year 2008 amounting TL 668.421 over the total provision amounts to TL 791.199 was reversed and recognized as other operating income.

10. EMPLOYEE BENEFITS

Short-term provisions for employee benefits

	31 December 2014	31 December 2013
Vacation pay liabilities and provision for employee bonuses	129.822	74.604
Total	129.822	74.604

In accordance with existing Turkish Labour Law, the Company is required to make lump-sum severance indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. As at the reporting date, provision for unused vacation pay liability is the liability of the Company that is the undiscounted total amount of the days that were deserved but not used by the employees.

As at 31 December 2014 and 31 December 2013, movement of vacation pay liabilities provisions for and employee bonuses are as follows:

	31 December 2014	31 December 2013
Opening balance	74.604	75.336
Vacation and employee bonuses paid	(58.356)	(53.540)
Charge for the period	113.574	52.808
Provisions closing balance	129.822	74.604

Long-term provisions for employee benefits

	31 December 2014	31 December 2013
Employee severance indemnity	127.864	109.026
Total	127.864	109.026

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10. EMPLOYEE BENEFITS (continued)

Employee Severance Indemnity:

Under Turkish Labour Law, the Company is required to pay employment termination benefits to each employee whose employment is terminated by gaining the right to receive the termination benefits. In addition, based on the amended 60th article of the current Social Insurance Law's numbered 506 together with amendments dated 6 March 1981, numbered 2422, dated 25 August 1999 and numbered 4447, the Company is obliged to pay termination benefits to the employees who are quitted by gaining right to receive their termination benefits. Some provisions for the pre-retirement service conditions are abolished from the law with amendment on 23 May 2002.

The reserve for severance pay liability as at 31 December 2014 is based on the monthly ceiling amounting to TL 3.438,22 (31 December 2013: TL 3.254,44).

The reserve has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the actuarial assumptions explained in the following paragraph were used in the calculation of the total liability.

The principal assumption is that the maximum liability for each year of service will increase parallel to the change in inflation. Consequently, in the accompanying financial statements as at 31 December 2014, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the end of the reporting period is calculated assuming an annual inflation rate of 5,00% and a discount rate of 8,15%, resulting in a net discount rate of approximately 3% (31 December 2013: 3% net discount rate is calculated assuming an annual inflation rate of 5% and a discount rate of 8,15%). The probability of voluntarily leaves is also considered in the calculation.

	1 January – 31 December 2014	1 January – 30 December 2013
Opening balance at 1 January	109.026	122.880
Payments for the period	-	(11.092)
Service cost	9.502	7.584
Interest cost	8.886	7.371
Actuarial (gains) / losses	450	(17.717)
Closing balance	127.864	109.026

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11. OTHER ASSETS

Other current assets	31 December 2014	31 December 2013
Prepaid expenses	7.425	5.238
Total	7.425	5.238

12. EQUITY

Paid-in Capital

The structure of the Company's paid-in share capital as at 31 December 2014 and 31 December 2013 is as follows:

Shareholders	Group	Shareholding Interest (%)	31 December 2014	Shareholding Interest (%)	31 December 2013
İş Yatırım Menkul Değerler AŞ	(A)	1,46	2.347.411	1,46	2.347.411
İş Yatırım Menkul Değerler AŞ	(B)	27,47	44.106.690	26,44	42.466.693
T.Sınai Kalkınma Bankası AŞ	(B)	1,72	2.757.169	1,72	2.757.169
Yatırım Finansman Menkul Değerler AŞ	(A)	0,73	1.185.072	0,73	1.185.072
Yatırım Finansman Menkul Değerler AŞ	(B)	0,39	618.429	0,39	618.429
Anadolu Hayat Emeklilik AŞ	(A)	0,37	592.536	0,37	592.536
Anadolu Hayat Emeklilik AŞ	(B)	0,36	574.662	0,36	574.662
Anadolu Anonim Türk Sigorta Şirketi	(B)	0,17	278.394	0,17	278.394
Other	(B)	67,33	108.138.921	68,36	109.778.918
Total share capital		100,00	160.599.284	100,00	160.599.284

The total number of ordinary shares consists of 16.059.928.400 shares with a par value of Kuruş 1 (one) per share and TL 4.125.019 of the total amount is Group (A), TL 156.474.265 of the total amount is Group (B) shares. Group (A) shareholders have the privilege to nominate candidates during the Board of Directors member elections, Group (A) shareholders have 1.000.000 (one million) right to vote while Group (B) shareholders have 1 (one) right to vote. The Company's A group shares does not include any classes of preference shares. Earnings per share are the same for both preference shares and ordinary shares.

86,65% of the Company's shares are traded on Istanbul Stock Exchange and 19.32% of the Company's publicly held shares are held by İş Yatırım Menkul Değerler AŞ.

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12. CAPITAL AND RESERVES (continued)

Restricted Reserves

	31 December 2014	31 December 2013
Legal reserves	27.877.230	25.458.382
Total	27.877.230	25.458.382

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Article 519 of 6102 numbered Turkish Commercial Code ("TCC"), 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.

As at 31 December 2014, in accordance with the Turkish Commercial Code numbered 6102, Article 519, the Company has transferred its retained earnings amounting to TL 2.418.848 to legal reserves amounting to TL 25.458.382 with the resolution of General Assembly meeting held on 26 March 2014 and legal reserves of the Company increased to TL 27.877.230.

Retained Earnings

Extraordinary reserve classified as retained earnings is TL 41.128.178 as of 31 December 2014 (31 December 2013: TL 69.202.184). Retained earnings include actuarial differences amounting TL 17.267.

Dividend Distribution

At the Ordinary General Assembly of shareholders held on 26 March 2014, the Company has decided to transfer TL 1.958.060 from profit for the year 2013 and TL 28.074.006 from extraordinary reserves to dividend distribution amounting to TL 30.032.066 that is 18,7% of the Company's share capital, in cash until 28 March 2014. The distribution of dividends in cash has started on 28 March 2014 and completed on 1 April 2014.

Dividend distribution is performed as follows:

	Amount
A- First legal reserve (TCC 519/a-c)	2.418.848
B- Dividend distributed to shareholders in cash	1.958.060
Total	4.376.908

Distribution of profit from operating activities of the Company is determined in accordance with CMB regulations.

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13. REVENUE

Sales	1 January - 31 December 2014	1 January - 31 December 2013
Sale of share certificates	233.638.041	330.244.870
Sale of bonds	93.269.328	59.752.064
Sub-Total	326.907.369	389.996.934
Redemption and interest income	18.604.825	13.546.046
Increase / (decrease) in value of government bonds, net	7.076.593	(8.726.046)
Increase / (decrease) in value of share certificates, net	3.376.011	(2.236.162)
Dividend income	652.208	2.779.240
Interest income on reverse repo transactions	596.953	488.449
Commission income from security lending	-	607
Gain / (loss) on trading of derivative transactions, net	(1.672.455)	1.417.320
Subtotal	28.634.135	7.269.454
TOTAL REVENUE	355.541.504	397.266.388

14. COST OF SALES

Cost of Sales	1 January - 31 December 2014	1 January - 31 December 2013
Cost of sales of share certificates	230.178.915	326.768.179
Cost of sales of government bonds and treasury bills	92.267.469	61.061.499
Subtotal	322.446.384	387.829.678
Intermediary commission expenses (Note 18)	1.509.881	1.876.148
Portfolio management commission expenses (Note 18)	1.133.812	1.524.710
Portfolio custody commission expenses (Note 18)	89.050	-
Settlement and custody commission expenses	31.625	35.709
Subtotal	2.764.368	3.436.567
TOTAL COST OF SALES	325.210.752	391.266.245

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15. OPERATING EXPENSES

	1 January - 31 December 2014	1 January - 31 December 2013
Personnel wages and expenses	799.591	448.023
Board of directors attendance fees	496.650	472.500
Rent expenses	169.885	144.155
Audit fees	114.121	88.803
Listing expenses	42.157	40.150
System expenses	63.186	63.931
Operating expenses	75.826	64.344
Depreciation and amortization	39.809	40.663
Membership fees	19.894	10.046
Internal control and risk management expenses	13.282	11.018
Other expenses	122.478	163.302
Total	1.956.879	1.546.935

Personnel wages and expenses

	1 January - 31 December 2014	1 January - 31 December 2013
Salaries and wages	548.638	295.264
Social security employer's share	72.699	45.811
Unused vacation and bonus liability	113.574	52.808
Provision for employee severance indemnity	18.388	14.955
Other personnel expenses	46.292	39.185
Total	799.591	448.023

16. OTHER OPERATING INCOME AND EXPENSES

As explained in Note 9, the amount of TL 668.421 included in other operating income, is the allocated part of BITT provision that has been cancelled. The amount of TL 48.170 included in other operating expenses is related to BITT provision in the period between January-February 2009 as described in Note 9 together with other tax expenses. (31 December 2013: TL 76.300)

17. EARNINGS PER SHARE

	1 January - 31 December 2014	1 January - 31 December 2013
Nominal value of current shares during the period (TL)	160.599.284	160.599.284
Issued bonus shares	-	-
Nominal value of shares in circulation (TL)	160.599.284	160.599.284
Net profit/(loss) for the period (TL)	28.994.124	4.376.908
Earnings per share (TL) (per value of TL 1)	0,1805	0,0273

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18. RELATED PARTY DISCLOSURES

Details of related party balances are as follows:

	31 December 2014	31 December 2013
<i>Cash and cash equivalents</i>		
Türkiye İş Bankası Anonim Şirketi (Demand deposit)	6.177	12.249
Total	6.177	12.249

Financial investments at fair value through profit or loss

As of 31 December 2014, the Company's financial assets at fair value through profit or loss include related company shares with a nominal value amounting to TL 2.940.007 and fair value amounting to TL 5.352.732, and related company private sector bonds with a nominal value amounting to TL 21.080.000 and fair value amounting to TL 21.227.047 (31 December 2013: related company shares amounting to TL 3.465.007 nominal amount, TL 7.822.863 fair value amount and related company private sector bonds amounting to TL 11.420.000 nominal amount, TL 11.423.510 fair value amount).

Due to related parties

	31 December 2014	31 December 2013
<i>Trade payables</i>		
<i>Portfolio management commission, premium and other service payables</i>		
İş Portföy Yönetimi AŞ	97.130	99.083
T. İş Bankası AŞ	67.502	-
İş Yatırım Menkul Değerler AŞ	739	18.338
	165.371	117.421
<i>Other non-trade payables</i>		
T. İş Bankası AŞ	5.700	5.500
Anadolu Anonim Türk Sigorta Şirketi	4.864	1.634
	10.564	7.134
Toplam	175.935	124.555

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18. RELATED PARTY DISCLOSURES (continued)

Transactions during the period

	1 January - 31 December 2014	1 January - 31 December 2013
<i>Intermediary and portfolio management commissions paid to related parties</i>		
İş Portföy Yönetimi AŞ	1.133.812	1.524.710
İş Yatırım Menkul Değerler AŞ	1.509.881	1.876.148
T.İş Bankası AŞ	89.050	-
Toplam	2.732.743	3.400.858

	1 January - 31 December 2014	1 January - 31 December 2013
Administrative expenses		
<i>Expenses paid to related parties</i>		
Türkiye İş Bankası AŞ - (rent and other expenses)	260.951	222.057
İşnet Elektronik Bilgi Üretim Dağıtım Tic. ve İletişim Hiz. AŞ - (internet usage and other service expenses)	15.496	13.643
İş Yatırım Menkul Değerler AŞ - (Internal control and risk management expenses)	13.282	11.018
Anadolu Anonim Türk Sigorta Şirketi - (health insurance expenses)	2.379	1.902
SoftTech Yazılım Teknolojileri Araştırma Geliştirme ve Pazarlama Tic.AŞ (Web update expenses)	1.045	2.722
Total	293.153	251.342

	1 January - 31 December 2014	1 January - 31 December 2013
Dividend income		
İş Girişim Sermayesi Yatırım Ortaklığı AŞ	324.720	1.047.689
Türkiye Sınai Kalkınma Bankası AŞ	62.500	324.545
İş Yatırım Menkul Değerler AŞ	-	123.900
Türkiye Şişe ve Cam Fabrikaları AŞ	2.260	9.467
Total	389.480	1.505.601

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18. RELATED PARTY DISCLOSURES (continued)

Benefits provided to key management personnel, member of board of directors and audit committee are as follows:

	1 January – 31 December 2014	1 January – 31 December 2013
Benefits provided to key management personnel		
Gross wages and other short-term benefits	751.350	653.640
Unused vacation and provisions for probable premiums	82.382	41.992
Employee severance indemnity	7.820	7.137
Total	841.552	702.769

19. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Financial Risk Factors

The Company's activities expose to a variety of financial risks: market risk (fair value interest rate risk and share price risk). Market risk is the fluctuations in interest rates and value of marketable securities or other financial agreements that negatively affect the Company. The Company recognise its marketable securities at fair value and daily monitors the market risk as interest rate risk and share price risk separately. The Company's Board of Directors determine strategy and limits related with portfolio management in certain periods and portfolio of marketable securities are managed within this scope by portfolio directors. The Company receives a regular service from İş Yatırım Menkul Değerler A.Ş. with respect to measurement and reporting of portfolio risk and concerning reports evaluated by Early Detection of Risk Committee and Board of Directors. The Company's overall risk management program focuses on the uncertainty of financial markets and seeks to minimize the potential negative effects on the Company's financial performance.

Interest rate risk

Interest rate risk is defined as decrease in value that interest rate fluctuations may arise on the Company's interest rate sensitive assets. The Company has no interest sensitive liabilities.

Interest Risk Position Table			
		31 December 2014	31 December 2013
Fixed interest rate financial instruments		118.369.154	147.610.800
Financial assets	Financial assets at fair value through profit or loss	118.159.091	137.698.809
	Receivables from reverse repo agreements	-	9.001.785
	Receivables from money market placements	210.063	910.206
Financial liabilities		-	-
Floating interest rate financial instruments		101.313.115	66.416.855
Financial assets	Financial assets at fair value through profit or loss	101.313.115	66.416.855
Financial liabilities		-	-

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19. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk *(continued)*

Debt securities classified as financial assets at fair value through profit or loss in the balance sheet of the Company are exposed to price risk due to interest rate changes. According to the analysis made by the Company as of 31 December 2014, 1% increase or decrease in TL interest rates on the condition that all other factors remain stable, causes a decrease amounting to TL 4.666.094 or an increase amounting to TL 4.951.950 in the fair value of debt securities amounting to TL 219.472.206 including net profit in the period and equity of the Company as of 31 December 2014 (According to the analysis as at 31 December 2013 1% increase or decrease in TL interest rates on the condition that all other factors remain stable causes a decrease amounting to TL 4.227.356 or an increase amounting to TL 5.808.093 in fair value of debt securities amounting to TL 204.115.664 including net profit in the period and equity of the Company).

Equity share price risk

The Company is also exposed to equity price risk arising from the equity price changes in its portfolio. As of 31 December 2014, if Equity Price Index of the Istanbul Stock Exchange is 10% higher/lower and all other factors remain stable, the Company’s net profit and equity is increased or decreased by TL 3.945.609 (31 December 2013: TL 4.413.383).

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19. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Credit risk

The Company does not have any credit default risk, since the Company does not have extended loans. As of 31 December 2014 and 31 December 2013, the Company's credit risk carrying assets are as follows:

	Receivables						Receivables from reverse repo and money market placements	Investment securities ⁽²⁾	Derivative instruments	Other
	Trade receivables		Other receivables							
	Related parties	Other parties	Related parties	Other parties	Bank deposits					
31 December 2014										
Exposure to maximum credit risk as at the reporting date (A+B+C+D) ⁽¹⁾	-	1.001.531	-	-	6.181	210.063	219.472.206	-	-	-
- Maximum credit risk amount secured with guarantees	-	-	-	-	-	-	-	-	-	-
A. Net carrying value of neither past due nor impaired financial assets	-	1.001.531	-	-	6.181	210.063	219.472.206	-	-	-
B. Net carrying value of past due but not impaired financial assets	-	-	-	-	-	-	-	-	-	-
C. Net carrying value of impaired assets	-	-	-	-	-	-	-	-	-	-
- Past due (Gross amount)	-	-	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-	-	-
- Net carrying value secured with guarantees	-	-	-	-	-	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-	-	-
- Net carrying value secured with guarantees	-	-	-	-	-	-	-	-	-	-
D. Off balance sheet items with credit risks	-	-	-	-	-	-	-	-	-	-

1. Items such as guarantees received, which increase the credibility, are not included in the determination of the balance.

2. Investment securities comprise of government bonds amounting to TL 95,506.248 (31 December 2013: TL 111.192.398). Since share certificates are not exposed to credit risk, they are not included in investment securities.

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19. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

	Receivables					Bank deposits	money market placements	Investment securities ⁽²⁾	Derivative instruments	Other
	Related parties	Trade receivables	Other parties	Related parties	Other receivables					
31 December 2013										
Exposure to maximum credit risk as at the reporting date (A+B+C+D) ⁽¹⁾	-	3.596.261	-	-	-	12.249	9.911.991	204.115.664	-	-
- Maximum credit risk amount secured with guarantees	-	-	-	-	-	-	-	-	-	-
Net carrying value of neither past due nor impaired financial assets	-	3.596.261	-	-	-	12.249	9.911.991	204.115.664	-	-
A. Net carrying value of past due but not impaired financial assets	-	-	-	-	-	-	-	-	-	-
B. Net carrying value of impaired assets	-	-	-	-	-	-	-	-	-	-
- Past due (Gross amount)	-	-	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-	-	-
- Net carrying value secured with guarantees	-	-	-	-	-	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-	-	-
- Net carrying value secured with guarantees	-	-	-	-	-	-	-	-	-	-
D. Off balance sheet items with credit risks	-	-	-	-	-	-	-	-	-	-

1. Items such as guarantees received, which increase the credibility, are not included in the determination of the balance.

2. Investment securities comprise of government bonds amounting to TL 111.192.393 (31 December 2012: TL 75.326.639). Since share certificates are not exposed to credit risk, they are not included in investment securities.

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19. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Currency risk

Foreign currency risk is the risk of changes in the foreign currency denominated monetary assets, monetary liabilities and off-balance sheet items due to changes in foreign currency exchange rates. As at 31 December 2014 and 31 December 2013, the Company does not have any assets or liabilities denominated in foreign currencies.

Liquidity risk

Liquidity risk may occur as a result of inability in funding of long term assets with a short term liabilities. The Company's total assets are almost comprised of cash and cash equivalents and investment securities due to the nature of the Company's operations. The Company's management approach is to finance assets through the equity in order to minimize liquidity risk.

The Company has no derivative liabilities. Non-derivative financial liabilities as of 31 December 2014 and 31 December 2013 based on the discounted cash flow of the remaining contract term maturities are as follows:

31 December 2014							
Contractual maturities	Carrying Value	Total contractual cash outflows	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities	165.371	165.371	165.371	-	-	-	-
Trade payables	165.371	165.371	165.371	-	-	-	-

31 December 2013							
Contractual maturities	Carrying Value	Total contractual cash outflows	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities	198.971	198.971	198.971	-	-	-	-
Trade payables	198.971	198.971	198.971	-	-	-	-

Capital management

The Company manages its capital by allocating its investment risk to the lowest level with effective portfolio management. The aim of the Company is to maintain sustainable returns for shareholders and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital. The balance between the Company's growth expectation and the shareholders' expectation and also the Company's profitability are taken into consideration in dividend distribution prepared within the current legislation framework.

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20. FINANCIAL INSTRUMENTS

Financial Instruments Categories:

31 December 2014	Carrying Value	Fair Value
Financial Assets		
Cash and cash equivalents	216.244	216.244
Financial assets at fair value through profit or loss	258.928.299	258.928.299
Trade receivables	1.001.531	1.001.531
Financial liabilities		
Trade payables	165.371	165.371
Other payables	41.568	41.568

31 December 2013	Carrying Value	Fair Value
Financial Assets		
Cash and cash equivalents	9.924.240	9.924.240
Financial assets at fair value through profit or loss	248.249.495	248.249.495
Trade receivables	3.596.261	3.596.261
Financial liabilities		
Trade payables	198.971	198.971
Other payables	20.042	20.042

Fair value of financial instruments

Fair value is the amount in which a financial asset could be exchanged or a liability could be met between knowledgeable and willing parties in transactions effected in accordance with market conditions.

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

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 debt securities and share certificates.

Financial liabilities

The carrying amount of monetary liabilities approximates their fair values due to their short-term nature.

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20. FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments (continued)

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.

Financial assets presented at fair value through profit and loss:

31 December 2014	Carrying Value	Level 1	Level 2	Level 3
Financial assets at fair value through profit/loss				
Debt securities	219.472.206	210.738.225	8.733.981	-
Quoted share certificates	39.456.093	39.456.093	-	-
Total	258.928.299	250.194.318	8.733.981	-

31 December 2013	Carrying Value	Level 1	Level 2	Level 3
Financial assets at fair value through profit/loss				
Debt securities	204.115.664	204.115.664	-	-
Quoted share certificates	44.133.831	44.133.831	-	-
Total	248.249.495	248.249.495	-	-

21. EVENTS AFTER THE REPORTING PERIOD

None.