İŞ YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

Convenience Translation of Financial Statements
As At And For The Six Months Period Ended
30 June 2017 with
Independent Auditors' Review Report Thereon

(Originally Issued In Turkish)

27 July 2017

This report contains 2 pages of auditors' review report and 40 pages of financial statements together with their explanatory notes.

İş Yatırım Ortaklığı
Anonim Şirketi

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Building a better
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(Convenience translation of independent auditors' review report originally issued in Turkish)

Review Report on the Interim Financial Information

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

Introduction

We have reviewed the statement of financial position and the statement of profit or loss, statement of other comprehensive income, statement of changes in shareholders' equity and the statement of cash flows for the six-months-period then ended and other explanatory notes ("interim financial information") of İş Yatırım Ortaklığı A.Ş. (the Company) and as of June 30, 2017. The management of the Company is responsible for the preparation and fair presentation of these interim financial information in accordance with the Turkish Accounting Standard - 34 Interim Financial Reporting Standard ("TAS 34"). Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards of Turkey and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention which may cause us to conclude that the accompanying interim financial information is not prepared in all material respects in accordance with TAS 34.

Other Matter

The financial statements of the Company which were prepared in accordance with the accounting principles and standards in force as of June 30, 2016 and December 31, 2016 were subject to limited review and full-scope audit by another independent audit firm, respectively. In their independent auditor's report dated January 27, 2017, independent audit firm expressed unqualified opinion on the financial statements prepared at December 31, 2016. Moreover, The Company's financial statements for the period ended June 30, 2016 were reviewed by the same audit firm and the firm expressed that nothing has come to their attention which may cause them to conclude that the interim condensed financial information is not prepared in material respects in accordance with TMS 34 on the report dated July 26, 2016.

Additional paragraph for convenience translation to English:

As of June 30, 2017, the accounting principles described in Note 2 to the accompanying financial statements differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. The effects of differences between accounting principles and standards described in Note 2 and IFRS have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations of the Company in accordance with IFRS.

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

Yaşar Bivas, SMMM
Engagement Partner

July 27, 2017

Istanbul, Türkiye

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İŞ YATIRIM ORTAKLIĞI AŞ
STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS AT 30 JUNE 2017
(Currency: In Turkish Lira ("TL"))

	Notes	**Reviewed**	**Audited**
		30 June 2017	**31 December 2016**
ASSETS			
Current Assets		**231.634.271**	**235.222.591**
Cash and cash equivalents	*3*	20.239.194	40.426.301
Investment securities	*4*	195.289.418	188.202.135
Trade receivables	*5*	16.093.031	6.574.149
Other receivables	*6*	9.489	10.616
-Other receivables from related parties	*17*	*9.489*	10.616
Other current assets	*10*	3.139	9.390
Non-current Assets		**34.010**	**52.426**
Investment securities	*4*	1	1
Tangible assets	*7*	19.925	29.636
Intangible assets	*8*	14.084	22.789
TOTAL ASSETS		**231.668.281**	**235.275.017**

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LIABILITIES			
Current Liabilities		**3.205.970**	**448.179**
Trade payables	*5*	3.147.367	189.750
Due to related parties	*17*	*183.867*	*189.750*
Other payables		*2.963.500*	-
Other payables	*6*	37.290	55.361
Due to related parties	*17*	-	*11.522*
Other payables		*37.290*	*43.839*
Short term provisions		21.313	203.068
Employee benefits	*9*	*21.313*	*203.068*
Non-current Liabilities		**207.048**	**192.989**
Long term provisions		207.048	192.989
Employee benefits	*9*	*207.048*	*192.989*
EQUITY		**228.255.263**	**234.633.849**
Paid-in capital	*11*	160.599.284	160.599.284
Inflation adjustment to share capital		968.610	968.610
Share premium		59.922	59.922
Restricted reserves	*11*	35.189.494	33.026.156
Retained earnings	*11*	17.741.628	20.786.947
Profit for the period		13.696.325	19.192.930
TOTAL LIABILITIES AND EQUITY		**231.668.281**	**235.275.017**

İŞ YATIRIM ORTAKLIĞI AŞ
STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017
(Currency: In Turkish Lira ("TL"))

	Notes	Reviewed 1 January – 30 June 2017	Reviewed 1 January – 30 June 2016	Not Reviewed 1 April – 30 June 2017	Not Reviewed 1 April – 30 June 2016
CONTINUING OPERATIONS					
Sales	*12*	348.844.704	273.303.208	112.911.600	100.861.779
Cost of sales (-)	*13*	(333.788.178)	(262.064.831)	(104.509.380)	(96.590.218)
GROSS PROFIT		**15.056.526**	**11.238.377**	**8.402.220**	**4.271.561**
Administrative expenses (-)	*14*	(1.360.201)	(1.299.318)	(688.995)	(628.130)
Other operating income	*15*	-	7	-	-
OPERATING PROFIT		**13.696.325**	**9.939.066**	**7.713.225**	**3.643.431**
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX		**13.696.325**	**9.939.066**	**7.713.225**	**3.643.431**
Tax income / (expense) on continuing operations		-	-	-	-
PROFIT FROM CONTINUING OPERATIONS		**13.696.325**	**9.939.066**	**7.713.225**	**3.643.431**
DISCONTINUED OPERATIONS		-	-	-	-
PROFIT FOR THE PERIOD		**13.696.325**	**9.939.066**	**7.713.225**	**3.643.431**
Basic earnings share (per value of TL 1) from continuing operations	*16*	0,0853	0,0619	0,0480	0,0227
Diluted earnings share (per value of 1 TL) from continuing operations	*16*	0,0853	0,0619	0,0480	0,0227

İŞ YATIRIM ORTAKLIĞI AŞ
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017
(Currency: In Turkish Lira ("TL"))

		Reviewed	**Reviewed**	**Not Reviewed**	**Not Reviewed**
	Notes	**1 January – 30 June 2017**	**1 January – 30 June 2016**	**1 April – 30 June 2017**	**1 April – 30 June 2016**
PROFIT FOR THE PERIOD		**13.696.325**	**9.939.066**	**7.713.225**	**3.643.431**
Items that will never be reclassified to profit or loss		-	-	-	-
Items that are or may be reclassified to profit or loss		-	-	-	-
TOTAL COMPREHENSIVE INCOME		**13.696.325**	**9.939.066**	**7.713.225**	**3.643.431**

İŞ YATIRIM ORTAKLIĞI AŞ
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017
(Currency: In Turkish Lira ("TL"))

						Accumulated Profits		
	Notes	**Paid-in capital**	**Inflation adjustment to share capital**	**Share premium**	**Restricted reserves**	**Retained earnings**	**Profit for the period**	**Equity**
1 January 2016		**160.599.284**	**968.610**	**59.922**	**31.527.372**	**36.463.116**	**5.911.873**	**235.530.177**
Transfers		-	-	-	1.498.784	4.413.089	(5.911.873)	-
Total comprehensive income		-	-	-	-	-	9.939.066	9.939.066
Dividends paid		-	-	-	-	(20.074.911)	-	(20.074.911)
Balances at 30 June 2016		**160.599.284**	**968.610**	**59.922**	**33.026.156**	**20.801.294**	**9.939.066**	**225.394.332**
1 January 2017		**160.599.284**	**968.610**	**59.922**	**33.026.156**	**20.786.947**	**19.192.930**	**234.633.849**
Transfers	*11*	-	-	-	2.163.338	17.029.592	(19.192.930)	-
Total comprehensive income		-	-	-	-	-	13.696.325	13.696.325
Dividends paid	*11*	-	-	-	-	(20.074.911)	-	(20.074.911)
Balances at 30 June 2017		**160.599.284**	**968.610**	**59.922**	**35.189.494**	**17.741.628**	**13.696.325**	**228.255.263**

İŞ YATIRIM ORTAKLIĞI AŞ
STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017
(Currency: In Turkish Lira ("TL"))

	Notes	Reviewed 1 January – 30 June 2017	Reviewed 1 January – 30 June 2016
A. CASH FLOWS FROM OPERATING ACTIVITIES		**29.383**	**20.744.081**
Net profit for the period		**13.696.325**	**9.939.066**
Profit /(loss)reconciliation adjustments for the period:			
Depreciation and amortisation	*7,8*	21.943	24.137
Increase in provision for employee benefits:		14.059	21.417
- Change in provision expense	*9*	*14.059*	21.417
Dividend income	*12*	(45.275)	(807.941)
Change in interest accrual	*12*	138.052	32.291
Fair value gains / (losses)	*12*	(2.472.188)	2.504.885
		(2.343.409)	**1.774.789**
Change in working capital:			
Change in financial investment		(4.615.095)	9.240.808
Change in trade receivables		(9.518.882)	162.696
- *Due to third parties*		(9.518.882)	162.696
Change in other receivables		1.127	-
- *Due to related parties*		*1.127*	-
Change in other current assets		6.251	2.873
Change in employee benefits payables	*9*	(181.755)	(164.013)
Change in trade payables		2.957.617	(1.012.330)
- *Due to related parties*		*(5.883)*	*(2.380)*
- *Other payables*		*2.963.500*	*(1.009.950)*
Change in other payables		(18.071)	(7.749)
- *Due to related parties*		*(11.522)*	*(11.268)*
- *Other payables*		*(6.549)*	*3.519*
		(11.368.808)	**8.222.285**
Cash inflows from operating activities			
Dividends received	*12*	45.275	807.941
Net cash from operating activities		**45.275**	**807.941**
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(3.527)**	**-**
Acquisition of tangible assets and intangible assets		(3.527)	-
- Cash out flow from acquisition of tangible assets	*7*	(3.527)	-
Net cash used in investing activities		**(3.527)**	**-**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	*11*	(20.074.911)	(20.074.911)
Net cash used in financing activities		**(20.074.911)**	**(20.074.911)**
NET INCREASE ON CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF EXCHANGE RATE FLUCTUATIONS		**(20.049.055)**	**669.170**
D. EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS		**-**	**-**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(20.049.055)**	**669.170**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**40.219.165**	**22.085.897**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	*3*	**20.170.110**	**22.755.067**

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.

The Company was established at 1995 and operates in İş Kuleleri Kule 1, Kat: 5 Levent / Istanbul. 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 30 June 2017 the average number of employees of the Company is 6 (31 December 2016: 6). 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 six months period ended as of 30 June 2017 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 of Turkish Financial Reporting Standards(TFRS)' and its supplements and interpretations.

As per the 17 March 2005 dated and with the number 11/367 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 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 30 June 2017, the statement of financial position, statement of profit or loss, other comprehensive income and notes to the financial statements for the six months period ended of the Company have been approved by the Board of Directors of the Company on 27 July 2017. General Assembly has the power to amend the financial statements after its issued.

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

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 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim financial statements as at June 30, 2017 are consistent with those of the previous financial year. There is no new and amended TFRS or TFRIC interpretation effective as of January 1, 2017.

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

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

TFRS 15 Revenue from Contracts with Customers

In September 2016, POA issued TFRS 15 Revenue from Contracts with Customers. The new standard issued includes the clarifying amendments to IFRS 15 made by IASB in April 2016. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). TFRS 15 effective date is January 1, 2018, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

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

2.4 The new standards, amendments and interpretations *(continued)*

TFRS 9 Financial Instruments

In January 2017, POA issued the final version of TFRS 9 Financial Instruments. The final version of TFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. TFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, TFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. TFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted by applying all requirements of the standard. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

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

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

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

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

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

2.4 The new standards, amendments and interpretations *(continued)*

IFRS 16 Leases

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

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

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

IAS 7 Statement of Cash Flows (Amendments)

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

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

The IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:
a. the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
b. share-based payment transactions with a net settlement feature for withholding tax obligations; and
c. a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

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

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

2.4 The new standards, amendments and interpretations *(continued)*

IFRS 4 Insurance Contracts (Amendments)

In September 2016, the IASB issued amendments to IFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. The amended Standard will:
a. give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 Financial instruments is applied before the new insurance contracts Standard is issued; and
b. give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 Financial instruments until 2021. The entities that defer the application of IFRS 9 Financial instruments will continue to apply the existing financial instruments Standard—IAS 39.

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

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

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

IFRIC 22 Foreign Currency Transactions and Advance Consideration

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

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

The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted. The Company is in the process of assessing the impact of the interpretation on financial position or performance of the Company.

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

2.4 The new standards, amendments and interpretations *(continued)*

Annual Improvements to IFRSs - 2014-2016 Cycle

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

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

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

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in "IAS 12 Income Taxes" when there is uncertainty over income tax treatments.

When there is uncertainty over income tax treatments, the interpretation addresses:
(a) whether an entity considers uncertain tax treatments separately;
(b) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
(c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
(d) how an entity considers changes in facts and circumstances.

An entity shall apply this Interpretation for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies this Interpretation for an earlier period, it shall disclose that fact. On initial application, an entity shall apply the interpretation either retrospectively applying IAS 8, or retrospectively with the cumulative effect of initially applying the Interpretation recognised at the date of initial application.

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

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

2.4 The new standards, amendments and interpretations *(continued)*

IFRS 17 - The new Standard for insurance contracts

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted. The standard are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

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 securities sale and purchases 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, time deposit, interest income from money market placements and reverse repurchase agreements and income from trading securities given as collateral.

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.

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

2.5 Summary of Significant Accounting Policies *(continued)*

The estimated useful lives of tangible assets are as follows:

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

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. The useful lifes and depreciation method of tangible fixed assets are reviewed at each reporting period and adjusted if it necessary.

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. The useful lifes and depreciation method of intangible fixed assets are reviewed each period and adjusted if it necessary.

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 incur.

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, since respective fair values cannot be reliably measured.

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 30 June 2017 the Company has no any credit transaction (31 December 2016: 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 AFS 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, demand deposits, time deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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

2.5 Summary of Significant Accounting Policies *(continued)*

Financial instruments *(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.

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. The portfolio of the Company includes eurobond which is exchange-based as of 30 June 2017.

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.

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 30 June 2017 and 31 December 2016, 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.

Trade Payables/ Trade Receivables

Trafe payables and trade receivables consist of payables and receivables resulting directly from the company's portfolio management activities. Payables consist of operations such as share swap, brokerage, asset management, are classified as trade payables, and receivables consist of operations such as share swaps, derivatives market cash deposit are classified as trade receivables as at reporting date.

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 and it recognized in the notes.

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.

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.

(Currency: In Turkish Lira ("TL"))

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 Turkish Accounting Standard No. 19 (revised) "Employee Benefits" ("TAS 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:

	30 June 2017	31 December 2016
	(%)	(%)
Net discount rate	4,10	4,48
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.

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

(Currency: In Turkish Lira ("TL"))

3. CASH AND CASH EQUIVALENTS

	30 June 2017	31 December 2016
Cash in bank (*)	13.220.689	15.503.770
Demand deposits (Note 17)	*31.569*	*10.952*
Time deposits	*13.189.120*	*15.492.818*
Receivables from reverse repo agreements	-	840.364
Receivables from money market	7.018.505	24.082.167
Total	**20.239.194**	**40.426.301**

(*) There are any blockage or pledge on cash at banks as of 30 June 2017 (31 December 2016: None).

Time deposits:

30 June 2017	Interest Rate	Maturity	Cost	Carrying Value
TL	%14,95-%15,25	2 August 2017	12.128.541	12.174.645
TL	%14,75	26 July 2017	1.000.000	1.014.475
			13.128.541	**13.189.120**

31 December 2016	Interest Rate	Maturity	Cost	Carrying Value
TL	%10,75	4 January 2017	6.748.458	6.825.727
TL	%11,15-%11,25	25 January 2017	8.619.755	8.667.091
			15.368.213	**15.492.818**

Receivables from reverse repo agreements:

The Company has no receivables from reverse repo transactions as of 30 June 2017.

31 December 2016	Interest Rate	Maturity	Cost	Carrying Value
TL	%7,70-%8,04	2 January 2017	840.000	840.364
			840.000	**840.364**

Receivables from money market:

30 June 2017	Interest Rate	Maturity	Cost	Carrying Value
TL	%14,40	3 July 2017	3.010.000	3.011.187
TL	%14,10	28 July 2017	1.000.000	1.003.074
TL	%14,10	31 July 2017	1.000.000	1.003.457
TL	%14,45-%14,50	10 August 2017	2.000.000	2.000.787
			7.010.000	**7.018.505**

31 December 2016	Interest Rate	Maturity	Cost	Carrying Value
TL	%10,25	3 January 2017	10.000.000	10.025.267
TL	%10,30	5 January 2017	2.000.000	2.005.641
TL	%10,35	6 January 2017	3.000.000	3.005.100
TL	%10,95	23 January 2017	4.000.000	4.019.137
TL	%11	26 January 2017	5.000.000	5.027.022
			24.000.000	**24.082.167**

As of 30 June 2017 and 30 June 2016, cash and cash equivalents less accrued income interest in the statement of cash flows are as follows:

	30 June 2017	30 June 2016
Cash and cash equivalents	20.239.194	22.836.179
Accrued interest income	(69.084)	(81.112)
	20.170.110	**22.755.067**

Explanations about the nature and level of risk of cash and cash equivalents are summarized in Note 18.

(Currency: In Turkish Lira ("TL"))

4. INVESTMENT SECURITIES

	30 June 2017	31 December 2016
Financial assets at fair value through profit/loss	195.289.418	188.202.135
Available for sale investment securities	1	1
Total	**195.289.419**	**188.202.136**

The Company's investment securities are mainly held for trading instruments and measured at fair value. Fair value as of the date of 30 June 2017 is the best buy order between the current pending orders, the price of the most recent transaction that has happened in their absence, their absence is forwarded in case of internal rate of return refers to the cost price.

As of 30 June 2017, available for sale investment securities are carried at cost comprising TSKB Gayrimenkul Değerleme AŞ shares amounting to TL 1 (31 December 2016: TSKB Gayrimenkul Değerleme AŞ shares amounting to TL 1).

	30 June 2017		
Financial assets at fair value through profit/loss	**Nominal**	**Fair Value**	**Carrying Value**
Debt securities			
Private sector bonds	78.390.000	79.501.667	79.501.667
Quoted share certificates	2.698.251	7.606.825	7.606.825
Quoted real estate certificates	10.000	380.000	380.000
Eurobonds(*)	105.037.645	107.800.926	107.800.926
Total	**186.135.896**	**195.289.418**	**195.289.418**

(*) The original currency denominated nominal value of the eurobonds' is the USD 29.950.000.

	31 December 2016		
Financial assets at fair value through profit/loss	**Nominal**	**Fair Value**	**Carrying Value**
Debt securities			
Private sector bonds	143.490.000	143.838.809	143.838.809
Total	**143.490.000**	**143.838.809**	**143.838.809**
Share certificates			
Quoted share certificates	9.118.169	34.531.061	34.531.061
Mutual funds participation certificates	603.465.621	9.832.265	9.832.265
	756.073.790	**188.202.135**	**188.202.135**

As of 30 June 2017, interest rates of debt securities classified as financial asset at fair value through profit or loss are between 10,6% - 16,9% (31 December 2016: 10,2% - 15,6%).

(Currency: In Turkish Lira ("TL"))

5. TRADE RECEIVABLES AND TRADE PAYABLES

As at 30 June 2017 and 31 December 2016, the Company has neither past due nor doubtful trade receivables. As of 30 June 2017 and 31 December 2016, the detailed information on short-term trade receivables is as follows:

	30 June 2017	31 December 2016
TDE transaction collaterals	13.726.084	3.810.765
Receivables from restructured securities (Pakpen)	2.366.947	-
Receivables from sale of marketable securities	-	2.763.384
Total	**16.093.031**	**6.574.149**

As at 30 June 2017 and 31 December 2016, the detailed information on short-term trade payables is as follows:

	30 June 2017	31 December 2016
Portfolio management commission (Note 17)	106.908	109.578
Portfolio custody commission (Note 17)	58.966	61.378
Commissions payable (Note 17)	17.993	18.794
Marketable securities purchase payable	2.963.500	-
Total	**3.147.367**	**189.750**

The nature and level of risks for trade receivables and payables are disclosed in Note 18.

6. OTHER RECEIVABLES AND OTHER PAYABLES

As at 30 June 2017 and 31 December 2016, the detailed information on short-term other receivables are as follows:

	30 June 2017	31 December 2016
Other receivables from related parties (Not 17)	9.489	10.616
Total	**9.489**	**10.616**

As at 30 June 2017 and 31 December 2016, the detailed information on short-term other payables are as follows:

	30 June 2017	31 December 2016
Tax payables	37.170	43.839
Other payables to related parties (Note 17)	-	11.522
Other miscellaneous payables	120	-
Total	**37.290**	**55.361**

(Currency: In Turkish Lira ("TL"))

7. TANGIBLE ASSETS

	Furniture and fixtures	Leasehold improvements	Total
Cost			
1 January 2017 opening balance	172.709	61.216	233.925
Purchases	3.527	-	3.527
30 June 2017 closing balance	**176.236**	**61.216**	**237.452**
Accumulated depreciation			
1 January 2017 opening balance	(154.893)	(49.396)	(204.289)
Charge for the year	(7.117)	(6.121)	(13.238)
30 June 2017 closing balance	**(162.010)**	**(55.517)**	**(217.527)**
Net carrying amount			
1 January 2017	**17.816**	**11.820**	**29.636**
30 June 2017	**14.226**	**5.699**	**19.925**

	Furniture and Fixtures	Leasehold improvements	Total
Cost			
1 January 2016 opening balance	172.709	61.216	233.925
Purchases	-	-	-
30 June 2016 closing balance	**172.709**	**61.216**	**233.925**
Accumulated depreciation			
1 January 2016 opening balance	(140.536)	(37.153)	(177.689)
Charge for the year	(7.242)	(6.121)	(13.363)
30 June 2016 closing balance	**(147.778)**	**(43.274)**	**(191.052)**
Net carrying amount			
1 January 2016	**32.173**	**24.063**	**56.236**
30 June 2016	**24.931**	**17.942**	**42.873**

As at 30 June 2017 and 31 December 2016, there is no pledge on tangible assets.

(Currency: In Turkish Lira ("TL"))

8. INTANGIBLE ASSETS

	Other intangible assets (*)	**Total**
Cost		
1 January 2017 opening balance	123.831	123.831
Purchases	-	-
30 June 2017 closing balance	**123.831**	**123.831**
Accumulated depreciation		
1 January 2017 opening balance	(101.042)	(101.042)
Charge for the year	(8.705)	(8.705)
30 June 2017 closing balance	**(109.747)**	**(109.747)**
Net carrying amount		
1 January 2017	**22.789**	**22.789**
30 June 2017	**14.084**	**14.084**

	Other intangible assets (*)	**Total**
Cost		
1 January 2016 opening balance	123.831	123.831
Purchases	-	-
30 June 2016 closing balance	**123.831**	**123.831**
Accumulated depreciation		
1 January 2016 opening balance	(79.506)	(79.506)
Charge for the year	(10.774)	(10.774)
30 June 2016 closing balance	**(90.280)**	**(90.280)**
Net carrying amount		
1 January 2016	**44.325**	**44.325**
30 June 2016	**33.551**	**33.551**

(*) Comprised of software.

As at 30 June 2017 and 30 June 2016, the Company does not have any internally generated intangible assets.

(Currency: In Turkish Lira ("TL"))

9. EMPLOYEE BENEFITS

Short-term provisions for employee benefits

	30 June 2017	31 December 2016
Vacation pay liability and provision for employee bonuses	21.313	203.068
Total	**21.313**	**203.068**

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 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 30 June 2017 and 31 December 2016, movement of unused vacation pay liabilities and employee bonuses are as follows:

	30 June 2017	30 June 2016
Opening balance	203.068	170.755
Vacation and employee bonuses paid	(181.755)	(164.013)
Provisions closing balance	**21.313**	**6.742**

Long-term provisions for employee benefits

	30 June 2017	31 December 2016
Employee severance indemnity	207.048	192.989
Total	**207.048**	**192.989**

(Currency: In Turkish Lira ("TL"))

9. 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 Group 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 30 June 2017 is based on the monthly ceiling amounting to TL 4.426,16 (31 December 2016: TL 4.297,21) .

The reserve has been calculated by estimating the present value of the future probable obligation of the Group 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 30 June 2017, 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 6,15% and a discount rate of 10,50%, resulting in a net discount rate of approximately 4,10% (31 December 2016: 4,48% net discount rate is calculated assuming an annual inflation rate of 5,83% and a discount rate of 10,57%). The probability of voluntarily leaves is also considered in the calculation.

	1 January – 30 June 2017	**1 January – 30 June 2016**
Opening balance at 1 January	192.989	146.644
Service cost	6.379	10.737
Interest cost	7.680	10.680
Actuarial (gains) / losses	-	-
Employee severance indemnity	**207.048**	**168.061**

(Currency: In Turkish Lira ("TL"))

10. OTHER CURRENT ASSETS

Other current assets	30 June 2017	31 December 2016
Prepaid expenses (Note 17)	2.980	9.390
Advances given	159	-
Total	**3.139**	**9.390**

11. CAPITAL AND RESERVES

Paid-in Capital

The structure of the Company's paid-in share capital as at 30 June 2017 and 31 December 2016 is as follows:

Shareholders	Group	Shareholding Interest (%)	30 June 2017	Shareholding Interest (%)	31 December 2016
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	27,47	44.106.690
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	67,33	108.138.921
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.

94,8% of the Company's shares are traded on Istanbul Stock Exchange.

(Currency: In Turkish Lira ("TL"))

11. CAPITAL AND RESERVES *(continued)*

Restricted Reserves

	30 June 2017	31 December 2016
Legal reserves	35.189.494	33.026.156
Total	**35.189.494**	**33.026.156**

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 30 June 2016, in accordance with the Turkish Commercial Code numbered 6102, Article 519, the Company has transferred TL 2.163.338 to its legal reserves with the resolution of General Assembly meeting held on 22 March 2016 and legal reserves of the Company increased to TL 35.189.494 from TL 33.026.156.

Retained Earnings

Extraordinary reserve classified as retained earnings is TL 17.732.953 as of 30 June 2017 (31 December 2016: TL 20.778.272). Retained earnings include actuarial differences amounting to 8.675 (31 December 2016: TL 8.675).

Dividend Distribution

At the Ordinary General Assembly of shareholders held on 22 March 2017, the Company has decided to distribute TL 19.192.930 from profit for the year 2016 and TL 3.045.319 from extraordinary reserves as dividend amounting in total TL 20.074.911 that is 12,5% of the Company's share capital, in cash until 24 March 2017. The distribution of dividends in cash has started on 24 March 2017 and completed on 28 March 2017.

Dividend distribution is performed as follows:

	Amount
A- General sum of legal reserve (TCC 519/a)	958.843
B- Dividend distributed to shareholders in cash	18.234.087
Total	**19.192.930**

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

(Currency: In Turkish Lira ("TL"))

12. REVENUE

Sales	1 January - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2017	1 April - 30 June 2016
Sale of share certificates	289.250.580	218.956.815	102.905.629	93.038.446
Sale of bonds	30.645.621	40.461.554	-	3.096.889
Sale of mutual funds	9.939.183	1.400.476	-	-
Sale of eurobonds	5.578.469	-	1.151.612	-
Total	**335.413.853**	**260.818.845**	**104.057.241**	**96.135.335**

Redeem and interest income	8.787.180	8.679.267	5.904.800	4.464.063
Increase / (decrease) in value of government bonds, net	440.430	1.946.610	(346.017)	794.125
Increase / (decrease) in value of share certificates, net	537.229	220.365	245.865	(1.372.072)
Increase / (decrease) in value of mutual funds, net	-	337.910	-	240.446
Increase / (decrease) in value of eurobond, net	1.539.529	-	(86.846)	-
Increase / (decrease) in value of real estate certificates	(45.000)	-	(45.000)	-
Dividend income	45.275	807.941	30	554.996
Interest income on reverse repo transactions	329.372	886.927	123.363	302.494
Interest accruals	69.084	81.112	68.491	(59.735)
Commission income from security lending	3.570	19.268	-	14.739
Gain/ (loss) on trading of derivative transactions, net	9.391.656	(495.037)	6.626.224	(212.612)
Other interest income	326.226	-	326.226	-
Eurobond foreign exchange gain/(loss)	(7.993.700)	-	(3.962.777)	-
Subtotal	**13.430.851**	**12.484.363**	**8.854.359**	**4.726.444**
TOTAL REVENUE	**348.844.704**	**273.303.208**	**112.911.600**	**100.861.779**

13. COST OF SALES

Cost of Sales	1 January - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2017	1 April - 30 June 2016
Cost of sales of share certificates	286.603.809	218.539.909	102.784.497	92.897.986
Cost of sales of government bonds and treasury bills	30.386.893	40.538.956	-	2.966.070
Cost of sales of mutual funds	9.832.265	1.388.697	-	-
Cost of sales of eurobond	5.608.659	-	1.143.676	-
Subtotal	**332.431.626**	**260.467.562**	**103.928.173**	**95.864.056**
Portfolio management commission expenses (Note 17)	648.412	647.727	316.727	315.129
Intermediary commission expenses (Note 17)	564.549	804.553	194.942	339.544
Portfolio custody commission expenses (Note 17)	120.021	120.410	58.966	58.490
Settlement and custody commission expenses	23.570	24.579	10.572	12.999
Subtotal	**1.356.552**	**1.597.269**	**581.207**	**726.162**
TOTAL COST OF SALES	**333.788.178**	**262.064.831**	**104.509.380**	**96.590.218**

(Currency: In Turkish Lira ("TL"))

14. ADMINISTRATIVE EXPENSES

	1 January - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2017	1 April - 30 June 2016
Personnel wages and expenses	579.360	548.608	291.960	270.315
Board of directors attendance fees	321.300	292.950	168.000	153.300
Rent expenses	142.433	120.218	66.149	59.306
Audit fees	60.140	85.283	35.901	5.816
System expenses	49.783	61.727	31.111	26.790
Operating expenses	33.728	31.793	19.546	18.619
Depreciation and amortization	21.943	24.137	10.506	12.063
Membership fees	30.803	26.513	18.255	16.845
Listing expenses	14.474	24.993	14.474	24.993
Risk management expenses	9.941	9.508	4.970	4.754
Other expenses	96.296	73.588	28.123	35.329
Total	**1.360.201**	**1.299.318**	**688.995**	**628.130**

Personnel wages and expenses

	1 January - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2017	1 April - 30 June 2016
Salaries and wages	464.298	446.897	231.129	223.332
Social security expenses	77.647	64.367	39.787	33.112
Provision for employee severance indemnity	14.059	21.417	6.278	5.512
Other personnel expenses	23.356	15.927	14.766	8.359
	579.360	**548.608**	**291.960**	**270.315**

15. OTHER OPERATING INCOME AND EXPENSES

The Company has no other operating income and expenses as of 30 June 2017 (30 June 2016: TL 7 other operating income).

16. EARNINGS PER SHARE

	1 January- 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2017	1 April - 30 June 2016
Nominal value of current shares during the period (TL)	160.599.284	160.599.284	160.599.284	160.599.284
Nominal value of shares in circulation(TL)	**160.599.284**	**160.599.284**	**160.599.284**	**160.599.284**
Net profit for the period (TL)	13.696.325	9.939.066	7.713.225	3.643.431
Earnings per ordinary and diluted shares (TL) (per value of TL 1)	**0,0853**	**0,0619**	**0,0480**	**0,0227**

(Currency: In Turkish Lira ("TL"))

17. RELATED PARTY DISCLOSURES

Details of related party balances are as follows:

	30 June 2017	31 December 2016
Cash and cash equivalents		
Türkiye İş Bankası Anonim Şirketi *(Demand deposit)(Note 3)*	31.569	10.952
Türkiye İş Bankası Anonim Şirketi *(Time deposit)*	1.018.137	5.345.702
Total	**1.049.706**	**5.356.654**

Financial investments at fair value through profit or loss

As of 30 June 2017, the Company's financial assets at fair value through profit or loss include related company shares with a nominal value amounting to TL 2.375.251 and fair value amounting to TL 3.681.285, and related company private sector bonds with a nominal value amounting to TL 8.500.000 and fair value amounting to TL 8.537.405, and eurobond with nominal value amounting to TL 26.303.250 and fair value amounting to TL 26.913.029 (31 December 2016: related company shares amounting to TL 4.206.597 nominal amount, TL 5.349.414 fair value amount related company private sector bonds amounting to TL 19.300.000 nominal amount, TL 19.246.792 fair value amount and mutual funds with nominal value amounting to TL 603.465.621 and fair value amounting to TL 9.832.265).

Receivables from related parties

	30 June 2017	31 December 2016
Other non-trading receivables		
İş Merkezleri Yönetim ve İşletim AŞ	9.489	10.616
	9.489	**10.616**

Other current assets

	30 June 2017	31 December 2016
Anadolu Anonim Türk Sigorta Şirketi	2.980	6.556
Total	**2.980**	**6.556**

Due to related parties

	30 June 2016	31 December 2016
Trade payables		
Portfolio management commission, premium and other service payables		
İş Portföy Yönetimi AŞ	106.908	109.578
Türkiye İş Bankası Anonim Şirketi	58.966	61.378
İş Yatırım Menkul Değerler AŞ	17.993	18.794
	183.867	**189.750**
Other non-trading payables		
Türkiye İş Bankası Anonim Şirketi	-	5.800
Anadolu Anonim Türk Sigorta Şirketi	-	5.722
	-	**11.522**

(Currency: In Turkish Lira ("TL"))

17. RELATED PARTY DISCLOSURES *(continued)*

Transactions

	1 January - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2017	1 April - 30 June 2016
Intermediary, portfolio management and custody commissions paid to related parties				
İş Portföy Yönetimi AŞ	648.412	647.727	316.727	315.129
İş Yatırım Menkul Değerler AŞ	564.549	804.553	194.942	339.544
Türkiye İş Bankası Anonim Şirketi	120.021	120.410	58.966	58.490
Total	**1.332.982**	**1.572.690**	**570.635**	**713.163**

Administrative expenses	1 January - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2017	1 April - 30 June 2016
Expenses paid to related parties				
Türkiye İş Bankası AŞ - (rent,technical support and operating expenses)	142.433	141.714	66.149	59.306
İş Yatırım Menkul Değerler AŞ - (risk management expenses)	9.941	9.508	4.970	4.754
İşnet Elektronik Bilgi Üretim Dağıtım Tic. ve İletişim Hiz. AŞ - (internet usage and other service expenses)	8.347	8.347	4.174	4.174
Anadolu Anonim Türk Sigorta Şirketi -(health insurance expenses)	3.576	2.980	1.788	1.490
İş Merkezleri Yön. ve İşl. AŞ - (maintenance and other operating expenses)	38.336	32.036	24.154	18.850
SoftTech Yazılım Teknolojileri Araştırma Geliştirme ve Pazarlama Tic. AŞ - (Web updating expenses)	2.278	-	2.278	-
Total	**204.911**	**194.585**	**103.513**	**88.574**

Dividend income	1 January - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2017	1 April - 30 June 2016
İş Finansal Kiralama AŞ	-	91.007	-	
Türkiye Sınai Kalkınma Bankası AŞ	-	12.500	-	
Trakya Cam		105.989	-	105.989
Total	**-**	**209.496**	**-**	**105.989**

(Currency: In Turkish Lira ("TL"))

17. RELATED PARTY DISCLOSURES *(continued)*

The Company earned time deposit interes income amounting to TL 59.472 (30 June 2016: TL 280.171) from Türkiye İş Bankası A.Ş. for the period of 30 June 2017.

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

	1 January - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2017	1 April - 30 June 2016
Benefits provided to key management personnel				
Gross wages and other short-term benefits	472.602	444.252	243.651	228.951
Employee severance indemnity	6.490	8.217	1.927	1.806
Total	**479.092**	**452.469**	**245.578**	**230.757**

18. 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 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

		30 June 2017	31 December 2016
Fixed interest rate financial instruments		**157.511.696**	**128.190.725**
Financial assets	Financial assets at fair value through profit or loss	137.304.071	87.775.376
	Receivables from reverse repo agreements	-	840.364
	Time deposits	13.189.120	15.492.818
	Receivables from BPP	7.018.505	24.082.167
Floating interest rate financial instruments		**49.998.522**	**56.063.433**
Financial assets	Financial assets at fair value through profit or loss	49.998.522	56.063.433

18. 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 30 June 2017, 1% increase or decrease in interest rates on condition that all other factors remain stable, causes a decrease amounting to TL 2.810.099 or an increase amounting to TL 2.893.285 in the fair value of debt securities amounting to TL 187.302.593 including net profit in the period and equity of the Company as of 30 June 2017 (According to the analysis as at 30 June 2016 1% increase or decrease in TL interest rates on the condition that all other factors remain stable causes a decrease amounting to TL 915.311 or an increase amounting to TL 934.731 in fair value of debt securities amounting to TL 163.501.622 including net profit in the period and equity of the Company).

Equity price risk

The Company is also exposed to equity price risk arising from the equity price changes in its portfolio. As of 30 June 2017, if the price of share certificates in the portfolio is 10% higher/lower and all other factors remain stable, the Company's net profit and equity is increased or decreased by TL 760.683 (30 June 2016: TL 3.143.173).

(Currency: In Turkish Lira ("TL"))

18. 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 30 June 2017 and 31 December 2016, the Company's credit risk carrying assets are as follows:

		Receivables							
		Trade receivables		Other receivables					
	30 June 2017	**Related parties**	**Other parties**	**Related parties**	**Other parties**	**Bank deposits**	**Receivables from reverse repo and money market placements**	**Investment securities [(1)]**	**Other**
	Exposure to maximum credit risk as at the reporting date (A+B+C+D) [(1)]	**-**	**16.093.031**	**9.489**	**-**	**13.220.689**	**7.018.505**	**187.302.593**	**-**
	- Maximum credit risk amount secured with guarantees	-	-	-	-	-	-	-	-
A.	Net carrying value of neither past due nor impaired financial assets	-	16.093.031	9.489	-	13.220.689	7.018.505	187.302.593	-
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. Quoted share and real estate certificates, which have not credit risk, are not included in the determination of the balance.

(Currency: In Turkish Lira ("TL"))

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

Credit risk ***(continued)***

		Receivables							
		Trade receivables		Other receivables					
	31 December 2016	**Related parties**	**Other parties**	**Related parties**	**Other parties**	**Bank deposits**	**Receivables from reverse repo and money market placements**	**Investment securities [1]**	**Other**
	Exposure to maximum credit risk as at the reporting date (A+B+C+D) [1]	**-**	**6.574.149**	**10.616**	**-**	**15.503.770**	**24.922.531**	**143.838.809**	**-**
	- Maximum credit risk amount secured with guarantees	-	-	-	-	-	-	-	-
A.	Net carrying value of neither past due nor impaired financial assets	-	**6.574.149**	**10.616**	-	**15.503.770**	**24.922.531**	143.838.809	-
B.	Vadesi geçmiş ancak değer düşüklüğüne uğramamış varlıkların net kayıtlı değeri	-	-	-	-	-	-	-	-
C.	Net carrying value of past due but not impaired financial assets	-	-	-	-	-	-	-	-
	Net carrying value of impaired assets	-	-	-	-	-	-	-	-
	- Past due (Gross amount)	-	-	-	-	-	-	-	-
	- Impairment (-)	-	-	-	-	-	-	-	-
	- Net carrying value secured with guarantees	-	-	-	-	-	-	-	-
	- Not past due (gross amount)	-	-	-	-	-	-	-	-
	- Impairment (-)	-	-	-	-	-	-	-	-
D.	- Net carrying value secured with guarantees	-	-	-	-	-	-	-	-

1. Quoted share certificates and mutual funds, which have not credit risk, are not included in the determination of the balance.

(Currency: In Turkish Lira ("TL"))

18. 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 30 June 2017 the Company has eurobond with the nominal value amounting to USD 29.950.000, and 31 December 2016, the Company does not have any assets or liabilities denominated in foreign currencies.

Sensitivity to exchange rate risk

The Company's sensitivity to a 10% increase/decrease in USD are presented below. Sensitivity analysis only includes foreign currency denominated monetary assets outstanding at the end of period and indicates the effects of 10% changes in exchange rates. Positive value indicates an increase in profit/loss and other equity items.

	30 June 2017	31 December 2016
	USD	USD
Profit / loss increase	**10.626.140**	-
Profit / loss (loss)	**(10.626.140)**	-

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 30 June 2017 and 31 December 2016 based on the discounted cash flow of the remaining contract term maturities are as follows:

			30 June 2017				
Contractual maturities	**Carrying Value**	**Total contractual cash outflows**	**Less than 1 month**	**1-3 mon ths**	**3-12 months**	**1-5 years**	**More than 5 years**
Non-derivative financial liabilities	**3.184.657**	**3.184.657**	**3.184.657**	**-**	**-**	**-**	**-**
Trade payables	3.147.367	3.147.367	3.147.367	-	-	-	-
Other payables	37.290	37.290	37.290	-	-	-	-

			31 December 2016				
Contractual maturities	**Carrying Value**	**Total contractual cash outflows**	**Less than 1 month**	**1-3 mon ths**	**3-12 months**	**1-5 years**	**More than 5 years**
Non-derivative financial liabilities	**245.111**	**245.111**	**245.111**	**-**	**-**	**-**	**-**
Trade payables	189.750	189.750	189.750	-	-	-	-
Other payables	55.361	55.361	55.361	-	-	-	-

(Currency: In Turkish Lira ("TL"))

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

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 considered in dividend distribution prepared within the current legislation framework.

19. FINANCIAL INSTRUMENTS

Financial Instruments Categories:

30 June 2017	Carrying Value	Fair Value
Financial Assets		
Cash and cash equivalents	20.239.194	20.239.194
Financial assets at fair value through profit or loss	195.289.418	195.289.418
Trade receivables	16.093.031	16.093.031
Financial liabilities		
Trade payables	3.147.367	3.147.367
Other payables	37.290	37.290

31 December 2016	Carrying Value	Fair Value
Financial Assets		
Cash and cash equivalents	40.426.301	40.426.301
Financial assets at fair value through profit or loss	188.202.135	188.202.135
Trade receivables	6.574.149	6.574.149
Financial liabilities		
Trade payables	189.750	189.750
Other payables	55.361	55.361

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:

(Currency: In Turkish Lira ("TL"))

19. FINANCIAL INSTRUMENTS *(continued)*

Fair value of financial instruments *(continued)*

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.

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:

30 June 2017	Carrying Value	Level 1	Level 2	Level 3
Financial assets at fair value through profit/loss				
Debt securities	79.501.667	70.372.022	9.129.645	-
Quoted share certificates	7.606.825	7.606.825	-	-
Quoted real estate certificates	380.000	380.000		
Eurobonds	107.800.926	107.800.926	-	-
Total	**195.289.418**	**186.159.773**	**9.129.645**	**-**

31 December 2016	Carrying Value	Level 1	Level 2	Level 3
Financial assets at fair value through profit/loss				
Debt securities	143.838.809	103.350.846	40.487.963	-
Quoted share certificates	34.531.061	34.531.061	-	-
Mutual Funds	9.832.265	9.832.265	-	-
Total	**188.202.135**	**147.714.172**	**40.487.963**	**-**

20. EVENTS AFTER THE REPORTING PERIOD

None