İŞ YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

Financial Statements
As at and For the Year Ended
31 December 2012
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

19 February 2013

*This report contains 2 pages of
independent auditors' report and
37 pages of financial statements and
notes to the financial statements.*

İş Yatırım Ortaklığı
Anonim Şirketi

Table of contents

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Kavacık Rüzgarlı Bahçe Mah.
Kavak Sok. No: 29
Beykoz 34805 İstanbul

Telephone +90 (216) 681 90 00
Fax +90 (216) 681 90 90
Internet www.kpmg.com.tr

Convenience Translation of the Independent Auditors' Report As at 31 December 2012 Originally Prepared and Issued in Turkish (See Note 2.1.1)

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

We have audited the accompanying financial statements of İş Yatırım Ortaklığı Anonim Şirketi ("the Company"), which comprise the balance sheet as at 31 December 2012 and the statements of income, 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's management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting standards promulgated by Capital Markets Board of Turkey. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Independent Auditing Standards promulgated by Capital Markets Board of Turkey. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 the auditor's 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, the auditor considers 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 financial statements.

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of İş Yatırım Ortaklığı Anonim Şirketi as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards (Note 2) promulgated by Capital Markets Board of Turkey.

Istanbul, 19 February 2013

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Funda Aslanoğlu
Partner

Additional paragraph for convenience translation to English:
As discussed in Note 2.1.1, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

CONTENTS

İŞ YATIRIM ORTAKLIĞI AŞ
BALANCE SHEET AS AT 31 DECEMBER 2012
(Currency: In Turkish Lira ("TL"))

	Notes	Audited	*Restated (*)* Audited	*Restated (*)* Audited
		31 December 2012	**31 December 2011**	**1 January 2011**
ASSETS				
Current Assets		**289.388.755**	**263.896.938**	**293.720.442**
Cash and cash equivalents	*4*	706.804	3.698.400	3.078.433
Investment securities	*5*	280.765.911	246.837.728	286.557.458
Trade receivables	*6*	7.909.397	13.355.733	4.079.717
Other receivables	*7*	3.427	2.392	2.457
Due from related parties	*18*	*3.427*	*2.392*	*2.457*
Other current assets	*12*	3.216	2.685	2.377
Non-current Assets		**132.674**	**39.372**	**23.056**
Investment securities	*5*	1	1.001	1.000
Tangible assets	*8*	113.492	16.251	16.610
Intangible assets	*9*	19.181	22.120	5.446
TOTAL ASSETS		**289.521.429**	**263.936.310**	**293.743.498**

LIABILITIES				
Current Liabilities		**990.310**	**1.392.735**	**1.487.454**
Trade payables	*6*	117.360	608.557	785.034
Due to related parties	*18*	*117.360*	*438.811*	*784.828*
Other trade payables		-	*169.746*	*206*
Other payables	*7*	69.761	21.839	18.944
Due to related parties	*18*	*56.979*	*2.706*	*2.587*
Other payables		*12.782*	*19.133*	*16.357*
Provisions	*10*	727.853	679.959	613.313
Employee benefits	*11*	75.336	82.380	70.163
Non-current Liabilities		**122.880**	**116.188**	**85.068**
Employee benefits	*11*	122.880	116.188	85.068
EQUITY		**288.408.239**	**262.427.387**	**292.170.976**
Share capital	*13*	160.599.284	160.599.284	160.599.284
Inflation adjustment to share capital		968.610	968.610	968.610
Share premium		59.922	59.922	59.922
Restricted reserves	*13*	20.673.453	18.518.853	15.112.526
Retained earnings		58.580.118	88.443.565	78.089.990
Profit / (Loss) for the year		47.526.852	(6.162.847)	37.340.644
TOTAL LIABILITIES AND EQUITY		**289.521.429**	**263.936.310**	**293.743.498**

(*) See Note 3 for detailed explanations.

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

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

	Notes	**Audited** **1 January – 31 December 2012**	***Restated (*)*** **Audited** **1 January – 31 December 2011**
CONTINUING OPERATIONS			
Sales	*14*	755.370.280	766.419.706
Other operating income, net	*14*	14.469.220	8.714.672
		769.839.500	775.134.378
Cost of sales	*14*	(716.502.220)	(776.035.629)
GROSS PROFIT / (LOSS)		**53.337.280**	**(901.251)**
Selling, marketing and distribution expenses	*15*	(3.912.247)	(3.558.241)
Administrative expenses	*15*	(1.834.834)	(1.640.090)
Other operating income		-	82
Other operating expense	*16*	(63.347)	(63.347)
OPERATING PROFIT / (LOSS)		**47.526.852**	**(6.162.847)**
Finance income		-	-
Finance costs		-	-
PROFIT / (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX		**47.526.852**	**(6.162.847)**
Tax income / (expense) on continuing operations		-	-
PROFIT / (LOSS) FROM CONTINUING OPERATIONS		**47.526.852**	**(6.162.847)**
DISCONTINUED OPERATIONS		**-**	**-**
Profit after tax from discontinued operations		-	-
PROFIT /(LOSS) FOR THE YEAR		**47.526.852**	**(6.162.847)**
Basic earnings / (loss) share (per value of TL 1) from continuing operations	*17*	0,2959	(0,0384)
Diluted earnings / (loss) share (per value of 1 TL) from continuing operations	*17*	0,2959	(0,0384)

(*) See Note 3 for detailed explanations.

İŞ YATIRIM ORTAKLIĞI AŞ
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012
(Currency: In Turkish Lira ("TL"))

	Audited	***Restated (*)*** **Audited**
	1 January – 31 December 2012	**1 January – 31 December 2011**
PROFIT / (LOSS) FOR THE YEAR	**47.526.852**	**(6.162.847)**
Other comprehensive income (after tax)	-	-
TOTAL COMPREHENSIVE INCOME	**47.526.852**	**(6.162.847)**

(*) See Note 3 for detailed explanations.

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

İŞ YATIRIM ORTAKLIĞI AŞ
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012
(Currency: In Turkish Lira ("TL"))

Restated (*)	*Notes*	**Share capital**	**Share premium**	**Inflation adjustment to share capital**	**Restricted reserves**	**Profit / (loss) for the year**	**Retained earnings**	**Total**
1 January 2011 – before business combination		**134.662.500**	**12.416**	**28.947**	**13.787.131**	**31.707.491**	**67.761.243**	**247.959.728**
Changes arising from business combination (*)		25.936.784	47.506	939.663	1.325.395	5.633.153	10.328.747	44.211.248
1 January 2011 – after business combination		**160.599.284**	**59.922**	**968.610**	**15.112.526**	**37.340.644**	**78.089.990**	**292.170.976**
Total comprehensive income								
Loss for the year		-	-	-	-	(6.162.847)	-	(6.162.847)
Total comprehensive income		**-**	**-**	**-**	**-**	**(6.162.847)**		**(6.162.847)**
Transfer to retained earnings		-	-	-	-	(37.340.644)	37.340.644	-
Transfer to reserves		-	-	-	3.406.327	-	(3.406.327)	-
Dividends paid		-	-	-	-	-	(23.580.742)	(23.580.742)
Restated Balances at 31 December 2011		**160.599.284**	**59.922**	**968.610**	**18.518.853**	**(6.162.847)**	**88.443.565**	**262.427.387**
1 January 2012 – *Restated (*)*		**160.599.284**	**59.922**	**968.610**	**18.518.853**	**(6.162.847)**	**88.443.565**	**262.427.387**
Total comprehensive income								
Loss for the year		-	-	-	-	47.526.852	-	47.526.852
Total comprehensive income		**-**	**-**	**-**	**-**	**47.526.852**	**-**	**47.526.852**
Transfer to retained earnings	*13*	-	-	-	-	6.162.847	(6.162.847)	-
Transfer to reserves	*13*	-	-	-	2.154.600	-	(2.154.600)	-
Dividends paid	*13*	-	-	-	-	-	(21.546.000)	(21.546.000)
Balances at 31 December 2012		**160.599.284**	**59.922**	**968.610**	**20.673.453**	**47.526.852**	**58.580.118**	**288.408.239**

(*) See Note 3 for detailed explanations.

İŞ YATIRIM ORTAKLIĞI AŞ
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012
(Currency: In Turkish Lira (“TL”))

	Notes	Audited 1 January – 31 December 2012	*Restated (*)* Audited 1 January – 31 December 2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) for the year		**47.526.852**	**(6.162.847)**
Adjustments for:			
(Increase) / decrease in value of investment securities	*14*	(22.092.574)	8.235.722
Depreciation and amortisation	*8,9*	17.153	8.991
Provision for employee benefits	*11*	105.111	102.153
Provision for potential tax loss of BITT	*10*	63.347	63.347
Change in accrued interest and income		2.119	(1.601)
Dividend income	*14*	(2.565.234)	(2.252.586)
Portfolio management commission and other accrued expenses	*6*	117.360	438.811
		23.174.134	**431.990**
Change in investment securities		(11.835.609)	31.484.008
Change in trade receivables		5.446.336	(9.309.767)
Change in other receivables		(1.035)	33.816
Change in other current assets		(531)	(308)
Change in trade payables		(608.557)	(615.288)
Other provisions paid		(15.453)	-
Change in other payables		47.922	6.194
Employee benefits paid		(105.463)	(58.816)
Dividends received		2.565.234	2.252.586
Net cash from operating activities		**18.666.978**	**24.224.415**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of tangible assets and intangible assets	*8,9*	(111.455)	(25.306)
Proceeds from sale of investment securities		1.000	-
Acquisition of investment securities		-	(1)
Net cash used in investing activities		**(110.455)**	**(25.307)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	*13*	(21.546.000)	(23.580.742)
Net cash used in financing activities		**(21.546.000)**	**(23.580.742)**
NET (DECRASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(2.989.477)**	**618.366**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**3.696.180**	**3.077.814**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	*4*	**706.703**	**3.696.180**

(*) See Note 3 for detailed explanations.

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 31 December 2012 the average number of employees of the Company is 4 (31 December 2011: 5). The company has no participations, subsidiaries or joint ventures.

It was permitted that the Company take over TSKB Yatırım Ortaklığı A.Ş. within the 6762 numbered Turkish Commercial Code 451 and 19 and 20th clauses of Corporate Tax Law numbered 5520 with the resolution of Competition Authority dated 29 March 2012 and nr. 12-14/417-BD and the resolution of Capital Markets Board of Turkey dated 10 May 2012 and nr. 15/547. In the General Assemblies of the companies dated 29 June 2012, merger was confirmed. Related resolutions and the merger agreement has been registered by Istanbul Trade Registry Office on 16 July 2012 and has been published in the Trade Registry Gazette numbered 8116, dated 20 July 2012. As at this date, TSKB Yatırım Ortaklığı was dissolved and transferred to the Company together with all of its assets and liabilities.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Accounting principles

The accompanying financial statements of the Company have been prepared in accordance with the accounting and reporting principles issued by CMB. CMB issued Communiqué No: XI-29 "Basis for Financial Reporting in the Capital Markets" ("Communiqué No:X1-29") published in the Official Gazette on 9 April 2008 with 26842 number. In Communiqué No:X1-29, the companies are required to prepare their financial statements in accordance with the International Accounting Standards and International Financial Reporting Standards as accepted by the European Union ("IAS/IFRS").

However, in accordance with the temporary 2nd clause of the Communiqué, the until Turkish Accounting Standards Board ("TASB") (TASB has been closed at November 2011 and duties of TASB has been transferred to Public Oversight Accounting and Auditing Standards Agency ("Oversight Agency")) publishes the differences between the IAS/IFRS accepted by European Union and issued by International Accounting Standards Board ("IASB"), IAS/IFRS issued by IASB is applied in accordance with the 5th clause of Communiqué. The Company has prepared its financial statements as at and for the year ended 31 December 2012 in accordance with IAS/IFRS.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.1 Basis of Presentation (continued)

2.1.1 Accounting principles (continued)

As per the 17 March 2005 dated 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 as at 31 December 2012 are 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 ("FVTPL"). Historical cost is based on the actual amount on money paid for assets. As at 31 December 2012, the statement of financial position, statements of income, comprehensive income and notes to the financial statements of the Company have been approved by the Board of Directors of the Company on 19 February 2013.The General Assembly has the power to amend the financial statements after their issue.

Additional paragraph for convenience translation to English

The differences between accounting principles promulgated by the CMB, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS"), may have influence on the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

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 is 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 prepared comparatively 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 the future periods. There are not any significant changes in accounting estimates of the Company in the current period.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.4 Standards and interpretations implemented and not yet adopted as at 31 December 2012

Standards and interpretations that are effective in 2012

The Company has applied all the standards issued by IASB and all interpretations issued by IASB's International Financial Reporting Interpretation Committee ("IFRIC") which are effective as at 31 December 2012.

Standards and interpretations that are not yet effective as of 31 December 2012

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2012, and have not been applied in preparing these financial statements. It is not expected to have any effect on the financial statements of the Company except IFRS 9 – *Financial Instruments* issued by IASB on November 2009.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies

Revenue and other income/expenses from operating activities

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

Fee and commissions

Fee and commissions mainly include commissions given to İş Yatırım Menkul Değerler A.Ş which is brokerage company and 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:

Furniture and fixtures	4 - 10 years
Leasehold improvements	5 years

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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

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. 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.

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 ("FVTPL"), '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 ("FVTPL") is calculated by using effective interest method.

Financial assets at fair value through profit or loss ("FVTPL")

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

Held-to-maturity investments

As at 31 December 2012, 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 31 December 2012, the Company has no any credit transaction (31 December 2011: None).

Impairment of financial assets

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

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

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

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

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 FVTPL 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 equity. Dividends on common shares are reclassified as dividend payables by netting off from the retained earnings in the period in which they are approved and disclosed.

Foreign currency transactions

In the preparation of the financial statements of the Company, transactions in foreign currencies 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 2012 and 31 December 2011, the Company has no transactions in foreign currencies.

Earnings per share

Earnings per share is 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 at 31 December 2012 and 31 December 2011, 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.

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 2005 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 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 profit or loss.

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

	31 December 2012	31 December 2011
	(%)	(%)
Net discount rate	2,60	3,95
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 other 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 other 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 Communiqué XI-29 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 10 – Provisions, contingent liabilities and contingent assets

Note 11 – Employee benefits

3. BUSINESS COMBINATIONS

Comparative Information and Restatement of Prior Period Financial Statements

It was permitted that the Company to take over TSKB Yatırım Ortaklığı A.Ş. in accordance with the clause 451 of 6762 numbered Turkish Commercial Code and clauses 19 and 20 of 5520 numbered Corporate Tax Law with the resolution of Competition Board dated 29 March 2012 and numbered 12-14/417-BD and the resolution of Capital Markets Board of Turkey ("CMB") dated 10 May 2012 and numbered 15/547. In the General Assemblies of the companies dated 29 June 2012, merger was confirmed. Related resolutions and the merger agreement has been registered by Istanbul Trade Registry Office on 16 July 2012 and has been published in the Trade Registry Gazette numbered 8116, on dated 20 July 2012. As at this date, TSKB Yatırım Ortaklığı A.Ş. was dissolved and transferred to the Company together with all of its assets and liabilities. Due to the merger, issued shares amounting to TL 25.936.784 was registered by the Board with Certificate of Recognition of Capital Markets Board of Turkey numbered YO188/547 and dated 30 July 2012 and the distribution process of ISYAT shares to TSKB Yatırım Ortaklığı A.Ş.'s shareholders under the terms of Merger Agreement has been completed at 14 August 2012 by Central Registry Agency ("CRA"). The merger transaction is completed based on the financial statements as at 31 December 2011.

Prior to the merger of the Company and TSKB Yatırım Ortaklığı A.Ş., the control of the management of operating and financial policies of the Company was at Iş Bank Group. There has not been any change in the control on the management of operating and financial policies of the Company after the merger of the Company, and the control power is retained in Iş Bank Group.

According to the merger agreement, the share exchange rate was determined as 0,8923. The Company's share capital has been raised to TL 160.599.284 from TL 134.662.500. Capital difference is reflected in retained earnings as a result of the business combination and the Company recognised the assets acquired and liabilities assumed of TSKB Yatırım Ortaklığı A.Ş. using the book value accounting.

In order to maintain consistency, the Company's balance sheet as at 1 January 2011 and 31 December 2011, the statements of income, comprehensive income, cash flows and changes in equity for the year ended 31 December 2011 and the related notes are restated and reclassified by adding the amounts disclosed in the financial statements and related notes of TSKB Yatırım Ortaklığı A.Ş. prepared in accordance with CMB financial reporting standards.

Due to the related business combination, the Company's loss per share is restated as TL 0,0384, which was previously reported as TL 0,0196 for the year ended 31 December 2011.

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

4. CASH AND CASH EQUIVALENTS

	31 December 2012	31 December 2011
Cash at banks	2.703	11.180
Demand deposits and cash	*2.703*	*11.180*
Receivables from money market placements	204.032	335.208
Receivables from reverse repo agreements	500.069	3.352.012
Total	**706.804**	**3.698.400**

Receivables from money market placements:

	Interest Rate	Maturity	Cost	Carrying Value
31 December 2012				
TL	5,60%	2 January 2013	204.000	204.032
			204.000	**204.032**
31 December 2011				
TL	11,00%	2 January 2012	335.000	335.208
			335.000	**335.208**

Receivables from reverse repo agreements:

	Interest Rate	Maturity	Cost	Carrying Value
31 December 2012				
TL	5,05%	2 January 2013	500.000	500.069
			500.000	**500.069**
31 December 2011				
TL	9,28%-11,00%	2 January 2012	3.350.000	3.352.012
			3.350.000	**3.352.012**

As at 31 December 2012 and 31 December 2011, cash and cash equivalents less accrued income interest and increment value accruals in the statement of cash flows are as follows:

	31 December 2012	31 December 2011
Cash and cash equivalents	706.804	3.698.400
Accrued interest income	(101)	(2.220)
	706.703	**3.696.180**

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

(Currency: In Turkish Lira (“TL”))

5. INVESTMENT SECURITIES

	31 December 2012	31 December 2011
Financial assets at fair value through profit/loss	280.765.911	246.837.728
Available for sale investment securities	1	1.001
Total	**280.765.912**	**246.838.729**

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 2012 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 at 31 December 2012, available for sale investment securities are carried at cost comprising TSKB Gayrimenkul Değerleme AŞ shares amounting to TL 1 (31 December 2011: comprising TSKB Gayrimenkul Danışmanlık AŞ shares amounting to TL 500 and TSKB Gayrimenkul Değerleme AŞ shares amounting to TL 1).

	31 December 2012		
Financial assets at fair value through profit/loss	**Nominal**	**Fair Value**	**Carrying Value**
Debt securities			
Government bonds	68.385.000	75.326.639	75.326.639
Private sector bonds	81.281.394	81.230.766	81.230.766
Total	**149.666.394**	**156.557.405**	**156.557.405**
Share certificates			
Quoted share certificates	21.768.662	124.208.506	124.208.506
	171.435.056	**280.765.911**	**280.765.911**

	31 December 2011		
Financial assets at fair value through profit/loss	**Nominal**	**Fair Value**	**Carrying Value**
Debt securities			
Government bonds	136.100.000	127.301.895	127.301.895
Private sector bonds	44.972.666	44.762.333	44.762.333
Total	**181.072.666**	**172.064.228**	**172.064.228**
Share certificates			
Quoted share certificates	23.925.292	74.773.500	74.773.500
	204.997.958	**246.837.728**	**246.837.728**

As at 31 December 2012, interest rates of debt securities classified as financial asset at fair value through profit or loss are between 6,21%-10,84% per annum (31 December 2011: 9,98% - 14,86%).

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

6. TRADE RECEIVABLES AND TRADE PAYABLES

As at 31 December 2012 and 31 December 2011, the Company has neither past due nor doubtful trade receivables. As at 31 December 2012 and 31 December 2011, the detailed information on short-term trade receivables is as follows:

	31 December 2012	31 December 2011
TDE transaction collaterals	6.003.514	9.641.815
Receivables from sale of marketable securities	1.905.580	3.713.735
Other trade receivables	303	183
Total	**7.909.397**	**13.355.733**

As at 31 December 2012 and 31 December 2011, the detailed information on short-term trade payables is as follows:

	31 December 2012	31 December 2011
Portfolio management commission (Note 18)	107.887	427.177
Commissions payable (Note 18)	9.473	9.274
Due to related parties (Note 18)	-	2.360
Marketable securities purchase payable	-	169.746
Total	**117.360**	**608.557**

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

7. OTHER RECEIVABLES AND OTHER PAYABLES

As at 31 December 2012 and 31 December 2011, the detailed information on short-term other receivables is as follows:

	31 December 2012	31 December 2011
Other receivables from related parties (Note 18)	3.427	2.392
Total	**3.427**	**2.392**

As at 31 December 2012 and 31 December 2011, the detailed information on short-term other payables is as follows:

	31 December 2012	31 December 2011
Taxes payables	12.722	19.073
Other payables to related parties (Note 18)	56.979	2.706
Other miscellaneous payables	60	60
Total	**69.761**	**21.839**

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

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

8. TANGIBLE ASSETS

	Furniture and fixtures	Leasehold improvements	Total
Cost			
1 January 2012 opening balance	105.076	-	105.076
Purchases	45.789	58.467	104.256
31 December 2012 closing balance	**150.865**	**58.467**	**209.332**
Accumulated depreciation			
1 January 2012 opening balance	(88.825)	-	(88.825)
Charge for the year	(6.041)	(974)	(7.015)
31 December 2012 closing balance	**(94.866)**	**(974)**	**(95.840)**
Net carrying amount			
1 January 2012	**16.251**	**-**	**16.251**
31 December 2012	**55.999**	**57.493**	**113.492**

	Furniture and fixtures	Leasehold improvements	Total
Cost			
1 January 2011 opening balance	100.399	-	100.399
Purchases	4.677	-	4.677
31 December 2011 closing balance	**105.076**	**-**	**105.076**
Accumulated depreciation			
1 January 2011 opening balance	(83.789)	-	(83.789)
Charge for the year	(5.036)	-	(5.036)
31 December 2011 closing balance	**(88.825)**	**-**	**(88.825)**
Net carrying amount			
1 January 2011	**16.610**	**-**	**16.610**
31 December 2011	**16.251**	**-**	**16.251**

As at 31 December 2012 and 31 December 2011, there is no pledge on tangible assets.

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

9. INTANGIBLE ASSETS

	Other intangible assets (*)	Total
Cost		
1 January 2012 opening balance	51.641	51.641
Purchases	7.199	7.199
31 December 2012 closing balance	**58.840**	**58.840**
Accumulated depreciation		
1 January 2012 opening balance	(29.521)	(29.521)
Charge for the year	(10.138)	(10.138)
31 December 2012 closing balance	**(39.659)**	**(39.659)**
Net carrying amount		
1 January 2012	**22.120**	**22.120**
31 December 2012	**19.181**	**19.181**

	Other intangible assets (*)	Total
Cost		
1 January 2011 opening balance	31.012	31.012
Purchases	20.629	20.629
31 December 2011 closing balance	**51.641**	**51.641**
Accumulated depreciation		
1 January 2011 opening balance	(25.566)	(25.566)
Charge for the year	(3.955)	(3.955)
31 December 2011 closing balance	**(29.521)**	**(29.521)**
Net carrying amount		
1 January 2011	**5.446**	**5.446**
31 December 2011	**22.120**	**22.120**

(*)Comprised of software.

As at 31 December 2012 and 31 December 2011, the Company does not have any internally generated intangible assets.

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

10. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions

Based on the amendments to Article 29/t of Expense Taxes Law numbered 6802 in respect to Article 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 727.853 (31 December 2011: TL 664.506 principal and overdue interest, TL 15.453 accrued expenses for services) regarding to 2008 and January – March 2009 transactions based on the best estimates and accordingly recognised additional provision amounting to TL 63.347 under other operating expenses.

11. EMPLOYEE BENEFITS

Short-term provisions for employee benefits

	31 December 2012	31 December 2011
Vacation pay liability and provision for employee bonuses	75.336	82.380
Total	**75.336**	**82.380**

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 2012 and 31 December 2011, movement of vacation pay liabilities and employee bonuses are as follows:

	31 December 2012	31 December 2011
Opening balance	82.380	70.163
Vacation and employee bonuses paid	(76.703)	(58.816)
Charge for the year	69.659	71.033
Closing balance	**75.336**	**82.380**

Long-term provisions for employee benefits

	31 December 2012	31 December 2011
Employee severance indemnity	122.880	116.188
Total	**122.880**	**116.188**

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

11. EMPLOYEE BENEFITS (continued)

Employee Severance Indemnity:

Under Turkish Labor 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 31 December 2012 is based on the monthly ceiling amounting to TL 3.033,98 (31 December 2011: TL 2.731,85).

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 31 December 2012, 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 7,73%, resulting in a net discount rate of approximately 2,60% (31 December 2011: 3,95% net discount rate is calculated assuming an annual inflation rate of 5,1% and a discount rate of 9,25%). The probability of voluntarily leaves is also considered in the calculation.

	1 January – 31 December 2012	**1 January – 31 December 2011**
Opening balance at 1 January	116.188	85.068
Payments during the year (-)	(28.760)	-
Service cost	10.215	14.131
Interest cost	3.204	7.878
Actuarial difference	22.033	9.111
Closing balance at 31 December	**122.880**	**116.188**

The Company recognizes the actuarial gains/losses in profit or loss.

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

12. OTHER ASSETS

Other current assets	31 December 2012	31December 2011
Prepaid expenses	3.216	2.685
Total	**3.216**	**2.685**

13. CAPITAL AND RESERVES

Share Capital

The composition of the Company's paid-in share capital as at 31 December 2012 and 31 December 2011 is as follows:

				After business combination		Before business combination	
Shareholders	Group	Shareholding Interest (%)	31 December 2012	Shareholding Interest (%)	31 December 2011	Shareholding Interest (%)	31 December 2011
İş Yatırım Menkul Değerler AŞ	(A)	0,03	50.000	0,03	50.000	0,04	50.000
İş Yatırım Menkul Değerler AŞ	(B)	26,44	42.466.693	26,44	42.466.693	31,53	42.466.693
T.Sınai Kalkınma Bankası AŞ	(A)	1,43	2.297.411	1,43	2.297.411	-	-
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)	68,36	109.778.918	68,36	109.778.918	68,43	92.145.807
Total share capital		**100,00**	**160.599.284**	**100,00**	**160.599.284**	**100,00**	**134.662.500**

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 is the same for both preference shares and ordinary shares.

86,65% of the Company's shares are traded on Istanbul Stock Exchange. 18,29% of the Company's publicly held shares are held by İş Yatırım Menkul Değerler AŞ.

Due to the merger transaction, the issued share capital of the Company has been raised to TL 160.599.284 from TL 134.662.500 and the raised share capital amounting to TL 25.936.784 has been distributed to shareholders of TSKB Yatırım Ortaklığı. 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.

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

13. CAPITAL AND RESERVES (continued)

Restricted Reserves

	31 December 2012	31 December 2011
Legal reserves	20.673.453	18.518.853
Total	**20.673.453**	**18.518.853**

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 2011, in accordance with the Turkish Commercial Code numbered 6762, Article 466, the Company has transferred its retained earnings amounting to TL 2.154.600 to legal reserves amounting to TL 18.518.853 with the resolution of General Assembly meeting held on 2 April 2012 and legal reserves of the Company increased to TL 20.673.453.

Retained Earnings

Extraordinary reserve classified as retained earnings is TL 58.580.118 as at 31 December 2012 (31 December 2011: TL 82.569.072).

Dividend Distribution

At the Ordinary General Assembly of shareholders held on 2 April 2012, the Company has decided to transfer net loss for the year ended 31 December 2011 to "Retained earnings/ Accumulated losses" and has decided a dividend distribution amounting to TL 21.546.000 that is 16% of the Company's share capital, in cash until 3 April 2012. The distribution of dividends in cash has started on 3 April 2012 and completed on 5 April 2012.

Dividend distribution is performed as follows:

	Amount
A- 2011 Loss transferred to retained earnings/Accumulated losses (before business combination)	2.636.156
B- Dividend distributed to shareholders in cash	21.546.000
C- Second legal reserve (6762 numbered TCC 466/2)	2.154.600
Total	**26.336.756**

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

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

14. SALES AND COST OF SALES

Sales

	1 January - 31 December 2012	1 January - 31 December 2011
Revenue		
Sale of share certificates	521.836.620	530.747.449
Sale of bonds	233.533.660	235.672.257
Total	**755.370.280**	**766.419.706**
Other Operating Income / (Losses)		
Increase / (decrease) in value of share certificates, net	14.906.076	(9.000.235)
Interest income	7.960.558	4.800.091
Increase / (decrease) in value of government bonds, net	7.186.498	764.513
Dividend income	2.565.234	2.252.586
Interest income on reverse repo transactions	361.737	797.823
Loaned securities commission income	54.054	81.276
Gain / (loss) on trading of derivative transactions, net	(18.564.937)	9.018.618
Total	**14.469.220**	**8.714.672**

For the year ended 31 December 2012, the unrealised capital gains are TL 22.092.574 (31 December 2011: unrealised capital losses TL 8.235.722).

Cost of Sales

	1 January - 31 December 2012	1 January - 31 December 2011
Cost of sale of share certificates	492.738.197	544.352.225
Cost of sale of government bonds and treasury bills	223.764.023	231.683.404
Total	**716.502.220**	**776.035.629**

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

15. OPERATING EXPENSES

	1 January - 31 December 2012	1 January - 31 December 2011
Selling, marketing and distribution expenses	3.912.247	3.558.241
Administrative expenses	1.834.834	1.640.090
Total	**5.747.081**	**5.198.331**

Selling, marketing and distribution expenses

	1 January - 31 December 2012	1 January - 31 December 2011
Marketable securities intermediary commission expenses (Note 18)	2.354.193	2.075.183
Portfolio management commission expenses (Note 18)	1.506.654	1.418.056
Custody and commission expenses	51.400	65.002
	3.912.247	**3.558.241**

Administrative expenses

	1 January - 31 December 2012	1 January - 31 December 2011
Personnel expenses	629.572	726.851
Board of Directors attendance fees	520.600	471.450
Rent expenses (Note 18)	120.483	102.567
Audit fees	80.633	82.461
Listing expenses	66.869	40.933
Share quotation fees	51.874	-
System expenses	46.981	41.410
Issuance expenses	42.624	9.166
Administrative expenses	41.677	38.587
Tenant contribution fees	25.450	41.380
Notary fees and expenses	24.670	16.108
Internal control and risk management expenses	17.563	4.360
Depreciation and amortization	17.153	8.991
Other expenses	148.685	55.826
	1.834.834	**1.640.090**

Personnel expenses

	1 January - 31 December 2012	1 January - 31 December 2011
Salaries and wages	413.824	489.158
Increase in vacation pay liability and provision for employee bonuses	69.659	71.033
Social security expenses	61.151	82.637
Increase in provision for employee severance indemnity	35.452	31.120
Other personnel expenses	49.486	52.903
Total	**629.572**	**726.851**

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

16. OTHER OPERATING EXPENSES

As explained in Note 10, other expenses comprise of provision for potential tax loss of BITT amounting to TL 63.347 (31 December 2011: TL 63.347).

17. EARNINGS PER SHARE

	1 January - 31 December 2012	1 January - 31 December 2011
Nominal value of shares in circulation as of 1 January (total)	160.599.284	160.599.284
Issued bonus shares	-	-
Nominal value of shares in circulation as of 31 December (total)	**160.599.284**	**160.599.284**
Net profit/(loss) for the period (TL)	47.526.852	(6.162.847)
Earnings per share (TL) (per value of TL 1)	**0,2959**	**(0,0384)**

Due to the merger transaction, the issued capital of the Company has been increased by TL 25.936.784 and the issued capital of the Company has been raised to TL 160.599.284 from TL 134.662.500. For the year ended 31 December 2012, the unrealised capital gains are TL 22.092.574 (31 December 2011: unrealised capital losses TL 8.235.722).

18. RELATED PARTY DISCLOSURES

Details of related party balances are as follows:

	31 December 2012	31 December 2011
Cash and cash equivalents		
Türkiye İş Bankası Anonim Şirketi *(Demand deposit)*	2.696	10.697
T.Sınai Kalkınma Bankası A.Ş. *(Current account balance)*	-	471
	2.696	**11.168**
Other receivables		
İş Merkezleri Yönetim ve İşletim AŞ (*)	3.427	2.392

(*)Comprising non-trade receivables including prepaid contribution expenses for commonly used spaces.

Financial assets at fair value through profit or loss

As at 31 December 2012, the Company's financial assets at fair value through profit or loss include related company shares with a nominal value amounting to TL 12.469.596 and fair value amounting to TL 28.037.471, and related company private sector bonds with a nominal value amounting to TL 23.695.394 and fair value amounting to TL 23.285.451 (31 December 2011: related company shares amounting to TL 15.135.769 nominal amount, TL 23.576.906 fair value amount and related company private sector bonds amounting to TL 14.528.000 nominal amount, TL 14.072.783 fair value amount).

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

18. RELATED PARTY DISCLOSURES (continued)

	31 December 2012	31 December 2011
Due to related parties		
Trade payables		
Portfolio management commission, premium and other service payables		
İş Yatırım Menkul Değerler AŞ	117.360	398.001
Türkiye Sınai Kalkınma Bankası AŞ	-	40.810
	117.360	**438.811**
Other payables		
İş Merkezleri Yönetim ve İşletim AŞ	54.192	490
Anadolu Anonim Türk Sigorta Şirketi	1.512	1.260
Payables to shareholders	1.275	956
	56.979	**2.706**
Total	**174.339**	**441.517**

Transactions during the year

Marketing, selling and distribution expenses	**1 January - 31 December 2012**	**1 January - 31 December 2011**
Intermediary and portfolio management commissions paid to related parties		
İş Yatırım Menkul Değerler AŞ	3.859.821	3.004.500
Türkiye Sınai Kalkınma Bankası AŞ	1.026	488.739
Total	**3.860.847**	**3.493.239**

Administrative expenses	**1 January - 31 December 2012**	**1 January - 31 December 2011**
Expenses paid to related parties		
İş Gayrimenkul Yatırım Ortaklığı AŞ - (rent and other expenses)	112.000	90.511
İş Merkezleri Yön. ve İşl. AŞ - (plaza operating expenses)	36.736	35.485
İşnet Elektronik Bilgi Üretim Dağıtım Tic. ve İletişim Hiz. AŞ - (internet usage and other service expenses)	20.755	14.521
TSKB (Building operating expenses and risk management expenses)	11.941	5.935
İş Yatırım Menkul Değerler AŞ - (Internal control and risk management expenses)	10.563	2.360
TSKB Gayrimenkul Yatırım Ortaklığı AŞ (rent expenses)	8.483	13.613
Anadolu Anonim Türk Sigorta Şirketi -(health insurance expenses)	7.351	12.787
SoftTech Yazılım Teknolojileri Araştırma Geliştirme ve Pazarlama Tic.AŞ (Web update expenses)	2.528	2.385
Total	**210.357**	**177.597**

Dividend income	**1 January - 31 December 2012**	**1 January - 31 December 2011**
İş Girişim Sermayesi Yatırım Ortaklığı AŞ	546.935	324.342
Türkiye Sınai Kalkınma Bankası AŞ	413.984	436.368
İş Yatırım Menkul Değerler AŞ	156.606	143.967
Türkiye İş Bankası Anonim Şirketi	-	143.294
Anadolu Hayat Emeklilik AŞ	-	39.651
Türkiye Şişe ve Cam Fabrikaları AŞ	-	9.439
Anadolu Anonim Türk Sigorta Şirketi	-	1.929
Total	**1.117.525**	**1.098.990**

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

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 2012	1 January - 31 December 2011
Benefits provided to key management personnel		
Salaries and other short-term benefits	761.015	802.511
Employee severance indemnity	7.902	9.778
Vacation pay liability and provision for employee bonuses	62.715	66.913
Total	**831.632**	**879.202**

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 follows 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'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

The Company is exposed to interest rate risk due to volatile market prices of its financial assets at both fixed and floating interest rates. The Company has no interest sensitive liabilities.

Interest Risk Position Table

		31 December 2012	31 December 2011
Fixed interest rate financial instruments		**126.095.922**	**141.922.588**
Financial assets	Financial assets at fair value through profit or loss	125.391.821	138.235.368
	Receivables from reverse repo agreements	500.069	3.352.012
	Receivables from money market placements	204.032	335.208
Financial liabilities		-	-
Floating interest rate financial instruments		**31.165.584**	**33.828.860**
Financial assets	Financial assets at fair value through profit or loss	31.165.584	33.828.860
Financial liabilities		-	-

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 at 31 December 2012, 1% increase or decrease in TL interest rates on condition that all other factors remain stable, causes a decrease amounting to TL 2.591.381 or an increase amounting to TL 2.718.403 in the fair value of debt securities amounting to TL 156.557.405 including net profit in the period and equity of the Company as at 31 December 2012 (According to the analysis as at 31 December 2011 1% increase or decrease in TL interest rates on the condition that all other factors remain stable causes a decrease amounting to TL 1.742.255 or an increase amounting to TL 2.015.864 in fair value of debt securities amounting to TL 172.064.228 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 at 31 December 2012, 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 12.420.851 (31 December 2011: TL 7.477.350).

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

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 at 31 December 2012 and 31 December 2011, the Company's credit risk carrying assets are as follows:

		Receivables								
		Trade receivables		Other receivables						
	31 December 2012	**Related parties**	**Other parties**	**Related parties**	**Other parties**	**Bank deposits**	**Receivables from reverse repo and money market placements**	**Investment securities(2)**	**Derivative instruments**	**Other**
	Exposure to maximum credit risk as at the reporting date (A+B+C+D+E) (1)	**-**	**7.909.397**	**3.427**	**-**	**2.703**	**704.101**	**156.557.405**	**-**	**-**
	- Maximum credit risk amount secured with guarantees									
A.	Net carrying value of neither past due nor impaired financial assets	-	7.909.397	3.427	-	2.703	704.101	156.557.405	-	-
B.	Net carrying value of restructured financial assets	-	-	-	-	-	-	-	-	-
C.	Net carrying value of past due but not impaired financial assets	-	-	-	-	-	-	-	-	-
	- Net carrying value secured with guarantees									
D.	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	-	-	-	-	-	-	-	-	-
E.	Off balance sheet items with credit risks	-	-	-	-	-	-	-	-	-

(Currency: In Turkish Lira (“TL”))

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

Credit risk (continued)

	Receivables								
	Trade receivables		Other receivables						
31 December 2011	**Related parties**	**Other parties**	**Related parties**	**Other parties**	**Bank deposits**	**Receivables from reverse repo and money market placements**	**Investment securities [2]**	**Derivative instruments**	**Other**
Exposure to maximum credit risk as at the reporting date (A+B+C+D+E) [1]	**-**	**13.355.733**	**2.392**	**-**	**11.180**	**3.687.220**	**172.064.228**	**-**	
- Maximum credit risk amount secured with guarantees									
A. Net carrying value of neither past due nor impaired financial assets	-	13.355.733	2.392	-	11.180	3.687.220	172.064.228	-	
B. Net carrying value of restructured financial assets	-	-	-	-	-	-	-	-	-
C. Net carrying value of past due but not impaired financial assets	-	-	-	-	-	-	-	-	-
- Net carrying value secured with guarantees									
D. 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	-	-	-	-	-	-	-	-	-
E. 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 75.326.639 (31 December 2011: TL 127.301.895). Since share certificates are not exposed to credit risk, they are not included in investment securities.

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

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 2012 and 31 December 2011, the Company does not have any assets or liabilities denominated in foreign currencies.

Liquidity risk

Liquidity risk is the inability of the Company to match the net funding requirements with sufficient liquidity. 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 liquidity risk management approach is to maintain sufficient cash and other liquid assets in order to fund the current and prospective debt requirements.

The Company has no derivative liabilities. As at 31 December 2012 and 31 December 2011, the following table presents the Company's financial liabilities including interest payments according to their remaining contractual maturities:

	31 December 2012						
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	**117.360**	**117.360**	**117.360**	**-**	**-**	**-**	**-**
Trade payables	117.360	117.360	117.360	-	-	-	-

	31 December 2011						
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	**608.557**	**608.557**	**608.557**	**-**	**-**	**-**	**-**
Trade payables	608.557	608.557	608.557	-	-	-	-

Capital management

The Company manages its capital by reducing 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.

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

20. FINANCIAL INSTRUMENTS

Financial Instruments Categories:

31 December 2012	Carrying Value	Fair Value
Financial Assets		
Cash and cash equivalents	706.804	706.804
Financial assets at fair value through profit or loss	280.765.911	280.765.911
Trade receivables	7.909.397	7.909.397
Other receivables	3.427	3.427
Financial liabilities		
Trade payables	117.360	117.360
Other payables	69.761	69.761

31 December 2011	Carrying Value	Fair Value
Financial Assets		
Cash and cash equivalents	3.698.400	3.698.400
Financial assets at fair value through profit or loss	246.837.728	246.837.728
Trade receivables	13.355.733	13.355.733
Other receivables	2.392	2.392
Financial liabilities		
Trade payables	608.557	608.557
Other payables	21.839	21.839

Fair value of financial instruments

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties.

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.

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

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.

Valuation methods of the financial assets at fair value through profit and loss:

31 December 2012	Carrying Value	Level 1	Level 2	Level 3
Financial assets at fair value through profit/loss				
Debt securities	156.557.405	156.557.405	-	-
Quoted share certificates	124.208.506	124.208.506	-	-
Total	**280.765.911**	**280.765.911**	**-**	**-**

31 December 2011	Carrying Value	Level 1	Level 2	Level 3
Financial assets at fair value through profit/loss				
Debt securities	172.064.228	172.064.228	-	-
Quoted share certificates	74.773.500	74.773.500	-	-
Total	**246.837.728**	**246.837.728**	**-**	**-**

21. OTHER ISSUES

Detailed information regarding the Company's merger with TSKB Yatırım Ortaklığı AŞ is disclosed in Note 3.

As per the Communiqué Serial V1 No:30 of the Capital Markets Board of Turkey, it was decided that, starting from 1 January 2013, the Company's portfolio will be managed by İş Portföy Yönetimi A.Ş.

22. EVENTS AFTER THE REPORTING PERIOD

As at 26 December 2012, İş Yatırım Menkul Değerler AŞ, the main shareholder of the Company, requested the acquisition of A Group shares of İş Yatırım Ortaklığı held by TSKB, with a nominal value of TL 2.297.411 and Capital Markets Board of Turkey accepted the related request with its decision dated 22 January 2013, numbered 3/57. Acquisition of shares took place on 11 February 2013 in Wholesale Market Foundation by TL 1,23 for each share with TL 1 nominal value. After the transaction, the nominal amount of A group shares that İş Yatırım Menkul Değerler AŞ holds, has been raised to TL 2.347.411 from TL 50.000 and the rate of A group shares that İş Yatırım Menkul Değerler AŞ holds has been raised to 1,46% from 0,03%.