İŞ INVESTMENT

December 31, 2009

ANNUAL REPORT

We continue to grow by sharing

First warrants... Two significant awards from Euromoney and Capital... Enhanced profitability and market activity... High stock performance

General Outlook

Serhat Gürleyen, CFA
Director of Research

We concluded 2009 in an atmosphere in which the global crisis was kept under control and the world economy started to recover gradually. Thanks to the expansionary fiscal and monetary policies that were simultaneously implemented by the G7 countries, the deterioration of the global recession into a 1929-like great depression was avoided.

High frequency data indicates that a rapid recovery is in place in global economy. Recovery in final demand and turn in inventories have spurred a broad based rebound in manufacturing, especially in US and emerging economies.

However, there are still headwinds to a sustainable growth phase. The global recession, combined with a financial crisis, worsened debt dynamics of some countries in euro zone. Unlike previous periods of recession, the difficulties facing the developed countries, especially in Europe and Japan, hinder the growth of the world economy.

Deterioration of the debt dynamics in Greece, Portugal, Ireland and Spain increased downside risks to the Eurozone region's growth. A slow and fragile recovery is taking place in Japan due to non-performing loans embedded in the balance sheets of the banking sector.

The actual growth in the aftermath of the global crisis emanates from the rapid growth in the emerging markets rather than the recovery of the G7 economies.

In 2009, Turkey was among the most adversely affected emerging countries. This was due to higher share of the European exports and the concentration of cyclical products in the Turkish industry

According to the International Monetary Fund's (IMF) forecasts, the overall world economy is expected to contract by 0.8% in 2009, while developing countries are expected to grow by 2.1% and the developed world is expected to contract by 3.2%. However, during the same period, the contraction in the Turkish economy is expected to be around approximately 5%.

As a high beta economy, we expect the Turkish economy to be among the main beneficiaries of the revival in the global economy. We foresee the Turkish economy to grow by 5% in 2010 owing to the low base year effect and the recovery in inventory cycle. However, fiscal worries in the Eurozone Region continue to pose headwinds to Turkey's medium-term growth prospects.

The Central Bank of Turkey foresees a slow but firm recovery in the Inflation Report published at the end of January 2010 in accordance with our base scenario. The Central Bank forecasts the output gap to remain high due to the weak external demand and anticipates the impact of the increase in commodity prices and public sector wages upon inflation to be limited.

Under the base scenario, where short-term interest rates are kept at single digit numbers for a three year period, the Central Bank of Turkey expects the inflation to be 6.9% (target 6.5%) in 2010, 5.2% (target 5.5%) in 2011, and 4.9% (target 5.0%) in 2012.

The Central Bank preserves its flexibility regarding policy rates under the best and worst case scenarios. The Central Bank has stated that it may start a new rate cut cycle in the case of a double dip global recession scenario. However, the Central Bank also stressed the upward risks in its recent report, which were not covered in the October report. The Bank emphasized that rate hikes increases may be considered at an earlier stage if inflation outlook deteriorates and the general pricing behaviour is distorted.

Although we agree with the Central Bank's growth outlook in general, we adopt a more cautious stance on the inflation front. We are concerned that the increases in populist spending on the eve of the general elections in 2011 and the rise in commodity prices will feed inflationary pressures. Government's commitment on the fiscal rule will be a key determinant of the success of the disinflation program.

In the medium-term, we expect the fiscal slippage and the rise in commodity prices to distort inflation expectations and to force the Central Bank to increase interest rate. In parallel with the revival of the economic growth and the normalization of the financial markets, we expect the Central Bank to increase interest rates gradually, starting from August through the end of the year, to 8.5%.

Unprecedented rate cuts by the Central Bank successful privatizations and boost in capital inflows into EM funds triggered a rally in government bond market beyond our expectations. Not even the government's decision to avoid a new standby agreement with the IMF could disturb the positive mood in the market. We expect the upward trend in the bond market to persist in the short-term. However, we continue to recommend inflation linkers and floating rate notes as a protection against lingering inflationary pressures.

We maintain our ACCUMULATE" call for Turkish equities. We continue to use selling sprees as an opportunity to increase exposure. We revised our 2010 year-end target for the ISE-100 index to 68,000 level due to better than expected earnings outlook and lower risk free rates. the "IS Investment Most Recommended List", which outperformed the ISE-100 index by 58% in 2009 and 12% in the first five months of 2010, is more attractive than the overall market, with a 39% upward potential.

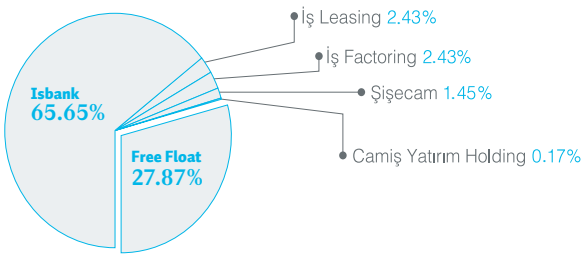
IS Investment's consolidated net profit increased 53% and reached TL 68.5 million.

Summary Balance Sheet (TL 000)	December 31, 2009	December 31, 2008
Assets		
Current Assets	2,388,299	1,428,563
Long-term Assets	66,220	54,276
Total Assets	**2,454,519**	**1,482,839**
Liabilities		
Short-term Liabilities	1,937,221	1,071,644
Long-term Liabilities	1,690	1,265
Shareholders' Equity	334,180	272,689
Minority Interest	181,428	137,241
Total Liabilities	**2,454,519**	**1,482,839**

Summary Income Statement (TL 000)	January 1 - December 31, 2009	January 1 - December 31, 2008
Sales Revenue	24,445,660	33,334,236
Cost of Sales	(24,411,623)	(33,346,230)
Interest and Derivative Income from Operating Activities	74,896	46,348
Income from Services (Net)	82,752	56,903
Other Operating Income	10,256	12,100
Operating Expenses	(91,324)	(90,461)
Other Income/Expenses	(2,403)	7,944
Operating Profit/(Loss)	**108,214**	**20,840**
Share in Net Profit/(Loss) of Investment Accounted for Under Equity Method	2,384	4,364
Non-operating Revenues/Expenses	16,551	27,656
Profit before Tax from Continuing Operations	**127,149**	**52,860**
Tax	(13,220)	(10,965)
Minority Interest	45,431	(2,810)
Net Profit (Equity holders of the parent)	**68,498**	**44,705**

Note: The financial statements and footnotes of IS Investment are publicly disclosed at www.isinvestment.com

Shareholding Structure



Financial Ratios	December 31, 2009	December 31, 2008
Current Assets/Short-term Liabilities	1.23	1.33
Total Liabilities/Equity	3.76	2.62
Earnings per Share	0.5738	0.3745

IS Investment in capital markets

76.6 TL billion

IS Investment is the ISE Stock Market leader

with a TL 76.6 billion trading volume and a 7.9% market share.

88.4 TL billion

IS Investment is the leader in TurkDEX

with a TL 88.4 billion trading volume and a 13.2% market share.

1.6 TL billion

IS Investment is the leader in the Securities Lending and Borrowing Market

with TL 1.6 billion and a market share of 37.8%.

17.3 TL billion

IS Investment ranks second among brokerage houses in the ISE Bonds and Bills Market

with a trading volume of TL 17.3 billion and a market share of 12.9%.

28 TL billion

IS Investment is in seventh place in the ISE Repo-Reverse Repo Market among brokerage houses

with a trading volume of TL 28 billion and a market share of 2.8%.

In 2009, IS Investment's net profit increased 53% to reach TL 68.5 million. Total assets increased 66% to reach TL 2.5 billion, representing almost 40% of the sector in the same year. The shareholders' equity of the Company was up 23%, amounting to TL 334.2 million.

Warrant from IS Investment

After the Capital Markets Board regulation regarding the warrants, IS Investment applied to the Board for the registration and issuance of the "IS Investment ISE National 30 Index Call Warrant" at TL 25,000,000 nominal value with six months maturity and "IS Investment ISE National 30 Index Put Warrant" at TL 25,000,000 nominal value with six months maturity. IS Investment warrants will be traded in 2010 after being registered by the Capital Markets Board.

The only investment house with a credit rating

Fitch Ratings affirmed the credit rating of IS Investment, the only intermediary institution traded on the ISE and assumed a credit rating of AAA (tur) long-term credit rating with a "stable" outlook. IS Investment retained its credit ratings, initially granted in December 2007, despite the crisis.

Professional investors are able to trade directly on the ISE and TurkDEX via their mobile phones.

mobile Trade Master

The pioneering investment house in Turkish capital markets, IS Investment maintains its leadership position in ground-breaking technology utilization. TradeMaster Mobile provides investors with an opportunity to trade on the ISE Stock Market via their mobile phones. TradeMaster Mobile is the first platform that transports the TurkDEX to the mobile platform without any interface. TradeMaster International, which is compatible with iPhones and all other brands of mobile devices and Blackberry models, is accessible at www.trademaster.com.tr.

IS Investment's service network is enhancing.

IS Investment's seventh branch was opened in Maslak, following its Ankara and Izmir branches as well as the Kalamış, Yeniköy, Akaretler and Yeşilköy branches in Istanbul. The new branch, which was opened to meet the demands of the growing client portfolio and sustainable growth perspective and to be closer to investors, offers services in the fields of investment advisory, brokerage and asset management. The Company is preparing to open two new branches towards the end of March 2010; one in the Levent neighborhood of Istanbul and the other in Bursa.

IS Investment opened a liaison office in Suadiye, Istanbul. Thus, it offers liaison services via two offices, one in Almaty, Kazakhstan and the other in Suadiye.

IS Investment is preparing to establish a company in Dubai.

IS Investment is preparing to establish a company named "IS Investment Gulf" in Dubai, owned 100% by IS Investment, in parallel with its growth objectives on a regional scale. IS Investment, which operates in all the domains of domestic and international capital markets and has the most sophisticated institutional and individual clientele, aims to expand its efficiency in the international capital markets and to provide investors with broader opportunities via its new company in Dubai.

"Wide-Angle" inserts with Capital magazine

IS Investment, in cooperation with Capital magazine, presents quarterly interviews with participating experts in its "Wide-Angle" inserts to its readers.

Also available at www.isinvestment.com, some of the topics covered in 2009 were, briefly, as follows: "What is next for the real sector?" (January 2009), "How should risk management be handled?" (April 2009), "Commodity prices after the crisis" (July 2009), "Where are we in the crisis?" (October 2009).

Euromoney's "Best M&A House" award given to IS Investment

Euromoney magazine, an influential and well-respected publication for international financial circles granted IS Investment "the Best Equity House in Turkey" award for two consecutive years. In 2009, IS Investment received the sector's most prestigious award, the "Best Merger and Acquisition House" prize owing to its excellent performance and successful work in mergers and acquisitions. Euromoney Awards for Excellence are granted each year to the best companies in the sector in every country.

IS Investment has provided intermediary services for a total of 69 mergers and acquisitions amounting to US$ 7 billion since 2000. Despite the adverse effects of the global crisis, the Company maintains its leadership in the sector with 14 transactions with a volume of US$ 3.3 billion between January 2008 and March 2009, constituting a market share of 12% in total volume and of 13% in total number of transactions.

Prof. Nouriel Roubini hosted by IS Investment.

Prof. Nouriel Roubini, known as "Dr. Doom" because of his accurate forecasts regarding the global crisis and who is followed keenly because of the ideas he put forward during the crisis, is a prominent expert in the field of international macroeconomics and was IS Investment's guest. This world famous economist met with the Turkish business circle, media representatives and investors just before the Annual Meetings of the IMF and World Bank Group in Istanbul. Prof. Roubini was the guest speaker at the "Where do we stand in the global crisis?" conference organized by IS Investment on October 2, 2009, and he met with IS Investment's guests for the second time.

Prof. Roubini was invited to Turkey for the first time when he presented a speech to Turkish investors speech at the fifth "Wide-Angle" meeting in March 2008, which has been organized by IS Investment annually since 2003.

IS Investment organized the "Hidden Riches of the Eastern Mediterranean" conference, which was attended by representatives of the companies that are traded on the stock market as well as corporate investors.

IS Investment organized the "Hidden Riches of the Eastern Mediterranean" conference in the UK, which was initially organized in Istanbul in 2007 under the title "Hidden Riches of Turkey." Participants included well-known companies from Israel, Greece and Romania in addition to Turkish companies. More than 50 traded companies from Israel, Greece and Romania and Turkey participated in the conference, where more than 100 corporate investors were present.

We are strengthening our leadership with our innovative outlook.

In 2009, IS Investment's stock price increased 284%, outperforming the ISE-100 index by 96% and ended a very successful year regarding stock price performance.

Dear Shareholders,

The global crisis deepened in 2008 and dragged the whole world's economies into a large-scale recession. In 2009, thanks to the expansionary fiscal and monetary policies implemented simultaneously by the developed economies, the global economy began to recover gradually in the third quarter of the year. Despite the fact that the most severe part of the global crisis is now left behind, the most significant issue facing world economies in 2010 will be budget deficit management and the sustainability of the expansionary policies.

Despite the strong financial structure of the Turkish economy, in 2009, the crisis was detrimental to industrial companies that operate in real sector. The Turkish economy is expected to enter a growth period again in 2010 under the influence of global economic recovery and an increase in international risk-taking appetite, although it will not display a rapid recovery. The recession facing the European economies, which are our main trading partners, and a high unemployment rate will be factors circumventing the economic growth in Turkey. In 2010, the severest threat facing our economy is the insufficient domestic and external demand.

The Central Bank of Turkey, which implemented mostly monetary policies in order to avert the adverse effects of the global crisis, declined the overnight interest rates quite rapidly by 8.5 points, which was a welcome move. However, the maintenance of the stability of the potential growth rate in mid-term has gained support as the right strategy.

Financial volatility and economic recession on a global scale weakened the Turkish capital markets and a sharp decline was experienced in the ISE Stock Market in 2008. The ISE, which was among the worst performing stock markets in 2008, recorded a 96% increase in 2009, a hike beyond expectations. We assume that the recovery in the Turkish capital markets is a vital development in restoring confidence for domestic and foreign investors.

Despite all the problems in the market, we had a successful year in 2009. Our Company maintained its leadership position in the Turkish capital markets in 2009 through great determination, a strong capital base, innovative outlook and the power derived from our shareholders. IS Investment has retained its leadership position in the ISE Stock Market for seven years and in the TurkDEX for five years and has ranked second in the ISE Bonds and Bills Market. IS Investment was also the most active investment house in the Securities Lending/Borrowing Market.

In 2009, IS Investment opened a branch in Maslak and a new liaison office in Suadiye, in addition to its Ankara and Izmir branches and Kalamış, Yeniköy, Akaretler and Yeşilköy branches in Istanbul, due to the requirements of our enhanced customer portfolio and as called for by our healthy and stable growth process. Our Company pursued its geographical expansion strategy successfully by increasing its network to seven branches, as well as retaining its financial growth.

IS Investment commits to its innovative mission diligently while maintaining its leadership status in the Turkish capital markets. In the scope of the Capital Markets Board regulation regarding the

Board of Directors and Auditors*: (from left to right) : Emre Duranlı (Member), Uygar Şafak Öğün (Auditor), Engin Topaloğlu (Auditor), G. Meltem Kökden (Vice Chairman), Ebru Özşuca (Member) Özcan Türkakın (Chairman), Serpil Kılıboz (Member), İzlem Erdem (Member), Turan Gökçen Bali (Independent Member, is absent from the photo)

warrants, we applied to the Board for the registration and issuance of the IS Investment warrants as another pioneering initiative. Additionally, TradeMaster International provided professional investors with a platform to trade instantly in well-known stocks, derivatives and commodities exchanges and increased the stock trading volume and the future contracts as well as enhancing the number of customers.

IS Investment, an investment banking company, together with its subsidiaries specialized in various segments of the capital markets, owns 29% of İş Private Equity, 70% of Is Asset Management and 29.1% of Is Investment Trust. After establishing Maxis Securities, a wholly-owned subsidiary based in London, in order to enhance our Company's presence in the international markets, we are planning to conclude the establishment of a new wholly-owned company based in Dubai in 2010 in order to benefit from the opportunities in the region in accordance with our growth objective.

IS Investment invited George Friedman, world famous political scientist known for his studies in international political economy, to its annual "Wide-Angle" conference, which has been held since 2003 and which has been hosting esteemed names in Turkey. Geo-strategist Friedman shared his opinions and thesis with the Turkish business community regarding the shape of the new world order in the light of geopolitical, technological, military, demographic, cultural and political tendencies in 21st century. IS Investment organized the "Hidden Riches of Turkey" conference, which was initially held in 2007 in Turkey, under the title "Hidden Riches of the Eastern Mediterranean" in Britain in an enhanced context where the foreign corporate investors had the chance to meet with the participating companies.

IS Investment is the only investment house that trades on the ISE and is also the only investment house assigned a credit rating. Fitch Ratings affirmed IS Investment's AAA (tur) national long-term credit rating with the "stable" outlook in 2009. Despite the uncertainty generated by the global crisis in all the markets and the damage to the actors in the market, IS Investment has had considerable success in retaining the credit ratings it initially acquired in 2007.

Our steady success in the capital markets gained recognition in the international arena, as well. IS Investment has been rewarded the "Best Equity House in Turkey" award by Euromoney magazine, an influential and well-respected publication for international financial circles, for two consecutive years.

In 2009, IS Investment was awarded the sector's most prestigious award, the "Best Merger and Acquisition House" prize, owing to its excellent performance and successful work in mergers and acquisitions. It is another indication of the recognition of our success in the international arena.

IS Investment had a very successful year in terms of price performance. ISMEN's price increased by 284% at year-end 2009 and outperformed the ISE-100 Index by 96%. We reflected this successful price performance to our dividend distribution policy and despite the crisis, we distributed 30% dividends to our shareholders.

IS Investment shall continue to steadily increase the value it generates by improving its competencies and scope of its activities as the pioneering and innovative investment house in the capital markets. I would like to thank our shareholders, employees, clients and business partners for their support and trust.

Respectfully yours,

Özcan Türkakın
Chairman

* Members of the Board of Directors and Auditors were elected at the Annual General Meeting of Shareholders on April 27, 2009 to serve until the next Annual General Meeting of Shareholders. Members of the Board of Directors do not have any executive duties in IS Investment.

General Manager of IS Investment: We are the most active player of the capital markets.

İlhami Koç stated that IS Investment maintained its leadership position by enhancing its profitability, growth rate and market capitalization. We talked about the capital markets and IS Investment activities in 2009 with İlhami Koç.

The economic recession due to the global crisis affected all the world economies, including Turkey, in 2009. What is your assessment of this period in terms of capital markets, both around the world and in Turkey?

In 2008, the global crisis adversely affected the real economy, initiating from the financial markets and had an impact on the world economies, including the developed world such as the United States and the European Union members. The expansionary monetary and fiscal policies, which were implemented simultaneously by the developed countries proved to be fruitful by the last quarter of 2009. After the uncertain and the turbulent times in the markets, we are proceeding towards a period where the economic data shows signals of recovery. The most significant issue facing the world economies in the next period will be the soaring unemployment and high indebtedness. 2009, when the Turkish economy was expected to contract by 5%, was a satisfactory year for the capital markets, unlike the real sector.

IS Investment's consolidated net profit increased 53% when compared to the previous year and reached TL 68.5 million. Total assets were up to TL 2.5 billion, with a 66% rise, while the shareholders' equity was up to TL 334.2 million.

The Central Bank's interest rate cuts in 2009 affected the banking sector positively and the strong demand for banking shares contributed greatly to the upturn in the ISE. The ISE was one of the exchanges among the emerging markets in which investors' interest continued. The ISE increased by 96% owing to the continued interest of foreign and domestic investors and the positive expectations regarding recovery.

A positive development was that the ISE became a center of attraction preferred by the excess liquidity in the international markets when the Eastern European and Balkan countries, which are generally compared with Turkey, were facing fiscal hardship.

We expect the interest in the Turkish capital markets to continue in 2009 as the world economy gradually recovers and the risk-taking appetite increases. The significance of the corporate governance principles, effective risk management, high service quality and innovative approach persists on behalf of the actors in the capital markets in our country as the impact of uncertainty is still being felt. These concepts, which are the expression of our approach, gained significance during the global crisis and were deemed more important in terms of investors' confidence.

IS Investment maintained its leadership position in most of the markets in 2009. How did the global developments affect the 2009 activities and the future perspective of IS Investment?

IS Investment was successful in 2009 despite the fluctuations in the markets. In 2009, IS Investment's net profit increased 53%, to reach TL 68.5 million. The total assets increased 66%, to reach TL 2.5 billion, representing almost 40% of the sector in the same year. Our shareholders' equity was up 23% and amounted to TL 334.2 million.

IS Investment was among the most active and guiding players in the domestic capital markets in 2009. Our Company has retained its leadership in the ISE Stock Market for seven consecutive years with a TL 76.6 billion trading volume and a 7.94% market share. IS Investment has also maintained its leadership in the TurkDEX for five years since its inception and its trading volume reached TL 88.4 billion in 2009, with a 13.2% market share. We ranked second in the ISE Bonds and Bills Market with TL 17.3 billion trading volume and a 12.9% market share, while we were considered to be the most active member of the Securities Borrowing/Lending Market with TL 1.6 billion transaction volume and a 37.8% market share.

The investors in Turkey are leaning towards the international markets, especially after the rapid interest cuts in recent years. We are the pioneering company, which offered its customers an opportunity to trade in stock, futures and commodity markets abroad instantly and directly via the TradeMaster International trading platform, which was launched the previous year to meet our customers' demands in this respect. IS Investment perceives its contributions to the development of the capital markets and pioneering initiatives in producing new products as part of its corporate vision and thus, will continue to offer investment services in the markets abroad via TradeMaster International.

Our Company is the leader in the ISE Stock Market with a TL 76.6 billion trading volume and a 7.94% market share for seven consecutive years. We are also the most active member of the Lending and Borrowing Market, with a TL 1.6 billion transaction volume and a 37.8% market share.

IS Investment has been quite active in asset management as well as its intermediary services in recent years. How do you assess the asset management activities in 2009?

We offer corporate asset management services with Is Asset Management owned 70% by IS Investment, and the individual asset management services in IS Investment.

IS Investment was successful in asset management in 2009 in terms of both the size of the assets under management it managed and the performance of these funds. The total assets under management managed by IS Investment reached TL 10 billion in 2009.

TL 7 billion of this portfolio was comprised of mutual funds, which represent 24% of the market, and TL 1.8 billion comprised of the pension funds, which registered a 50% growth compared to the previous year. The growth of the other funds we managed also continued.

With the 4 new funds that we added to the portfolio in 2009, the total funds we have established stands at 13, as well as the IS Investment's exchange traded funds, namely IS Investment Dow Jones Turkey Equally Weighted 15 A Type ETF and IS Investment iBoxx Turkey Benchmark Bond ETF, and IS Investment Arbitrage Investment Fund (Hedge Fund).

What are your expectations regarding the new company you are preparing to establish in Dubai?

In 2009, we decided to establish a new company fully-owned by IS Investment in Dubai. In parallel with our vision to be the most preferred leader and reliable investment institution in Turkey, and in the region, our objective is to enhance the effectiveness of IS Investment in the international markets and to benefit from the opportunities arising in the region.

IS Investment increased the total number of branches to seven, expanding the total branch network. Will new branch openings continue in the period ahead?

In 2009, we continued to improve and expand our network of marketing and sales network in order to offer high quality and prompt services to our expanding customer portfolio. In addition to the Kalamış, Yeniköy, Yeşilköy and Akaretler branches in Istanbul, by opening Maslak branch in parallel with the increasing demand and expectations of our customers, we expanded our branch network to five in Istanbul and to seven in Turkey overall.

Our trading volume on the TurkDEX, in which IS Investment is among the founding partners and is the market leader since its inception for the last five years, reached TL 88.4 billion, with a market share of 13.2%.

In addition to these, we are planning to open a branch in Levent, Istanbul in March 2010, and soon after, a new branch in Bursa. In accordance with our growth strategy, we continue our marketing activities by paying visits to the regions where there is no IS Investment branch, but with high business potential.

We increased the number of employees, which contributed to the enhancement of customer satisfaction and to expanding the current customer portfolio. Thus, in 2009 we increased the number of employees by 10%.

What is your opinion in regard to the share performance of ISMEN in its second year on the ISE?

In 2009, ISMEN was on the upsurge and proved to be fruitful for its investors. The restoration of the ISE certainly had a positive impact upon the share performance. However, the efforts to keep the shareholders and stakeholders informed, the capacity of the Company to generate income from various activities, the solid financial and shareholder structure as well as the generous and sustainable dividend distribution policy have significant influence on the performance of ISMEN. ISMEN's price increased by 284% in 2009 and the market capitalization reached TL 353.4 million, outperforming the ISE-100 Index by 96%.

The total assets managed by IS Investment reached TL 10 billion, including the Is Asset Management that is owned 70% by IS Investment.

Would you cite the information policy, which was announced to the public as part of the Company's corporate governance practices in 2009?

IS Investment is aware of the increased responsibility to keep disclosing the public and thus, is eager to implement the best corporate governance practices in the domestic and international arenas. We disclosed the IS Investment Information Policy, which is prepared in accordance with this approach and approved by our Board of Directors, to the public and to our stakeholders in 2007 before it was required by the capital markets legislation. We revised our Policy in 2009 in compliance with the current legislation and needs.

ISMEN had a very successful year in 2009 and provided investors with high returns. ISMEN's price increased by 284% in 2009 and the market capitalization reached TL 353.4 million, outperforming the ISE-100 Index by 96%.

The main objective of the Information Policy is to ensure the distribution of the necessary information and explanations to shareholders, investors, employees, customers and all the related parties in a timely, accurate, comprehensive manner on equal terms. In accordance with these objectives, the Investor Relations Department continues to inform related parties through investor meetings and presentations organized in Turkey and abroad.

In 2009, IS Investment was awarded Euromoney's Award for Excellence for the third time. Would you like to share your views on this?

IS Investment was twice awarded Euromoney's Award for Excellence, which is granted each year to the best companies in the sector in every country, in 2007 and 2008 for its high performance and successful work in the stock market. This year, IS Investment received the "Best Merger and Acquisition House" award owing to its excellent performance and successful work in mergers and acquisitions. We are proud to have received the awards from Euromoney magazine, the most influential and well-respected publication for financial circles, for three consecutive years.

IS Investment was awarded the Euromoney Award for Excellence in 2007 and 2008 for its high performance and successful work in the stock market. In 2009, our Company received the "Best Merger & Acquisition House" award for its successful services in corporate finance.

IS Investment is leading the market by offering intermediary services for a total of 69 mergers and acquisitions, amounting to more than US$ 7 billion, since 2000. The transactions of mergers and acquisitions came to a halt in the second half of 2008 due to the effect of the crisis conditions; however, it revived in the second quarter of 2009. Despite the adverse effects of the global crisis, IS Investment maintains its leadership in the sector with 14 transactions, with a volume of US$ 3.3 billion, between January 2008 and March 2009. We are proud that we have a market share of 12% in total volume and 13% in the total number of transactions and that our success is appreciated. We are also aware of the additional responsibility each award bestows upon us to contribute to the development of the sector.

What are your expectations and forecasts for 2010? What are IS Investment's priorities for 2010?

The inflow of capital towards the developing countries will increase and the attraction of Turkey for global capital will continue as the global economy recovers. The trading volume and diversity of the product in the Turkish capital markets will also increase in this regard.

IS Investment is the leader in the market as it offered intermediary services for a total of 69 mergers and acquisitions amounting to more than US$ 7 billion. We have a market share of 12% in total volume and of 13% in the total number of transactions.

IS Investment will continue to contribute to the reliable development and steady growth of the capital markets with its strong shareholder structure, extensive experience and competent human resources. Our Company's objective is to grow by creating value for its shareholders, employees and customers as it maintains its leading and innovative approach.

Is there anything else you would like to add?

I think IS Investment had a very successful year in parallel with its steady growth perspective, while the global crisis left a year of turmoil that was full of uncertainties. I would like to thank my colleagues for their dedicated efforts, our shareholders for their solid support, our customers and all our stakeholders who made this success possible. I wish everyone a successful 2010.

İlhami Koç
General Manager

İlhami Koç graduated from the Faculty of Political Sciences at Ankara University in 1986 and took office on the Isbank Internal Audit Board the same year. After performing inspection and investigation activities at Isbank, Koç was promoted to the post of Assistant Manager in October 1994 in the Securities Department of Isbank. In 1997, he was appointed Department Manager of Asset Management and International Capital Markets at IS Investment. In 1999, he became the Assistant General Manager in charge of Corporate Finance, Research, Domestic and International Capital Markets. In 2001, Koç assumed the position of General Manager at İş Private Equity. One year later, he became the General Manager of IS Investment. Koç is married with one child, and speaks English.

Murat Kural
Assistant General Manager

Murat Kural graduated from the Department of Electronics and Communications Engineering at Istanbul Technical University in 1987. In 1989, Kural earned an MSc from the School of Business Administration at Bilkent University. In 1990, he took office in the Prime Ministry Privatization Administration and was promoted to the post of Chief of Treasury in 1997. Kural served as a consultant at the World Bank the same year. In 1999, he joined IS Investment as Corporate Finance Manager and led numerous public offerings and privatization projects during that time. Since 2002, he has served as the Assistant General Manager in charge of Public Offerings and Privatization, Mergers and Acquisitions. He is married with two children, and speaks both English and French.

Ufuk Ümit Onbaşı
Assistant General Manager

Ufuk Ümit Onbaşı graduated from the Faculty of Economics (English) at Istanbul University in 1991. He began working at the Isbank Securities Department the same year and continued his career in the banking sector. In 2000, his expertise in the Treasury led to his promotion as the Domestic Markets Manager at IS Investment. In 2003, he became the Assistant General Manager of IS Investment. Onbaşı is currently responsible for the Domestic Capital Markets, International Capital Markets, Derivatives and Arbitrage, Brokerage and Portfolio Management. He is married with two children, and speaks English.

Ertuğ Yıldırımcan
Assistant General Manager

Ertuğ Yıldırımcan graduated from the Faculty of Political Sciences at Ankara University in 1987. He began working at Isbank and served on the Internal Audit Board until 1996. He assumed the position of Assistant Manager responsible for consumer product development, pricing and marketing activities at Isbank's consumer banking marketing department. In 2002, Yıldırımcan was assigned to the post of Chairman of the Board of Internal Auditors at IS Investment. For three years, he was responsible for the Department as well as branch inspections and auditing reports. Since 2005, he has been serving as the Assistant General Manager at IS Investment responsible for Operations, Financial and Administrative Affairs, Software Development, IT, Compliance and Human Resources departments. Yıldırımcan is married with one child, and speaks English.

Mert Erdoğmuş
Assistant General Manager

Mert Erdoğmuş graduated from the Faculty of Business Administration at Istanbul University. He received his MBA at Bloomsburg University, in Pennsylvania, in 1993. In the same year, his professional career started in the finance sector; he joined IS Investment in 2000. He took part in the establishment of the first Istanbul branch of the Company, the Kalamış Branch. In 2006, Erdoğmuş was assigned as the Assistant General Manager. He is responsible for Investment Advisory, Domestic Branches, Marketing and Investor Relations. He is married with two children, and speaks English and German.

Funda Çağlan Mursaloğlu
Assistant General Manager

Funda Çağlan Mursaloğlu was born in Bursa in 1972 and graduated from Boğaziçi University with an undergraduate degree in 1996 and went on to earn Masters' degree from Yeditepe University in 1998. Mursaloğlu began her professional career in 1996 in the finance sector and joined IS Investment in 1999 as an International Sales Associate. Responsible for foreign institutional sales, Mursaloğlu established the Institutional Sales and Trading Department, where she was appointed Manager in 2005. Since October 2007, Mursaloğlu has been Assistant General Manager responsible for Institutional Sales, Research, Corporate Communication and coordination with International Organizations. Mursaloğlu is married with two children, and speaks English.

IS Investment has been the leader in the ISE Stock Market for the last seven consecutive years.

IS Investment increased its transaction volume on the ISE Stock Market to TL 76.6 billion with a growth of 74% compared to the previous year in 2009 and retained its leadership by a market share of 7.94%.

General Outlook

In 2010, the downward trend in the interest rates came to an end and the economic activity revived. Investors are expected to take an interest also in companies apart from the financial sector.

The Turkish capital markets, after the losses in 2008, experienced an upward trend in 2009. Effects of the global turmoil, which began to be felt by the last quarter of 2008, caused the ruling down of the expectations for 2009. Thus, 2009 was a year of high risk perceptions and low risk appetite in the capital markets. A conservative sentiment dominated the capital markets at the beginning of 2009 with expectation that the crisis would negatively impact the economic activity. The possibility of a high current account deficit oppressing the foreign exchange was among the issues frequently cited at the beginning of the year.

As the pressure of the credit crunch in international capital markets eased, the outlook reversed. However, the economic activity was constrained despite the restored investment environment. The Central Bank's rapid cuts on policy interest rates in order to support the economic activity accelerated the upward trend in the capital markets. In 2009, low interest rates caused a search for alternative investment instruments. Declining interest rates also paved the way for the ISE Stock Market, with the leadership of the bank stocks.

In 2010, the downward trend in the interest rates is expected to end, thus string the economic activity. Investors are expected to take an interest in general stock market, rather than concentrating to financial stocks only. Despite the pressure of the Undersecretariat of the Treasury's high redemption, interest rates are not expected to increase, thus paving the way for the alternative markets to attract attention.

Stock Market

IS Investment, which has retained a leadership position uninterruptedly for the last seven years with its trading volume in the ISE Stock Market, is expected to maintain its leadership position in 2010.

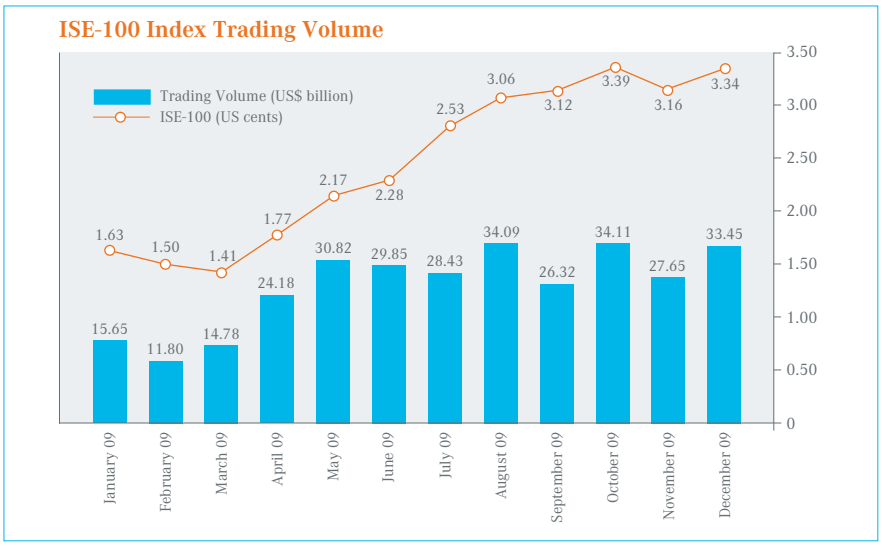
In 2009, the developments in the foreign markets continued to steer the ISE Stock Market. The positive expectations regarding the global economic outlook led the way to a revival in the ISE Stock Market. The Istanbul Stock Exchange, which was among the exchanges that were most severely affected by the global turmoil, was among the most rapidly recovering exchanges, recording a 96% increase. The daily average trading volume on the ISE Stock Market increased 45% year to year, and reached TL 1.9 billion.

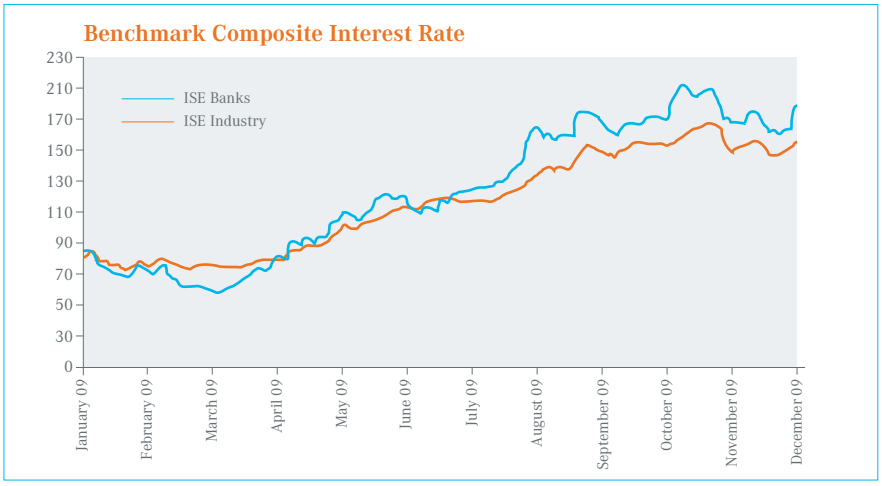
Deceleration of the credit crisis abroad and the interest rate cuts following the preventive actions taken by the regulatory authorities mitigated the impact of the contracting economic activity. Unlike the financial institutions abroad, the strong financial structure of the Turkish banking sector raised the demand for bank stocks. However, the Domestic Government Debt portfolio of the banks was the most significant factor behind the price increase in the banking sector stocks. The Central Bank of Turkey dropped gradually the policy interest rate by 8.5 points, from 15% to 6.5%. Declining cost of funding paved the way for capital gains, particularly from long-term bonds. The banking sector, being the biggest buyer of the Domestic Government Debt Securities, benefited the most from such appreciation and became the driving force behind the upward trend in the ISE Stock Market. In 2009, the ISE banking index yield was 113%, while the ISE-100 index grew 96%.

During the periods of declining activity of foreign investors, domestic actors stepped in and compensated for the lost trading volume. Despite the cyclical fluctuations, the fact that the foreign investors' share of stocks holding at 67% confirms the continuing interest in the ISE. In 2009, IS Investment increased its trading volume by 74%, year on year, and reached TL 76.6 billion. IS Investment maintained its leadership in the Stock Market with a 7.94% market share. Having the highest trading volume in the ISE Stock Market uninterruptedly for the last seven years, IS Investment is expected to maintain

7.94%

The daily average trading volume on the ISE Stock Market increased 45% when compared to that of 2008, to reach TL 1.9 billion. In 2009, IS Investment increased its trading volume by 74%, when compared to that of the previous year, to reach TL 76.6 billion and maintained its leadership in the Stock Market with a market share of 7.94%.





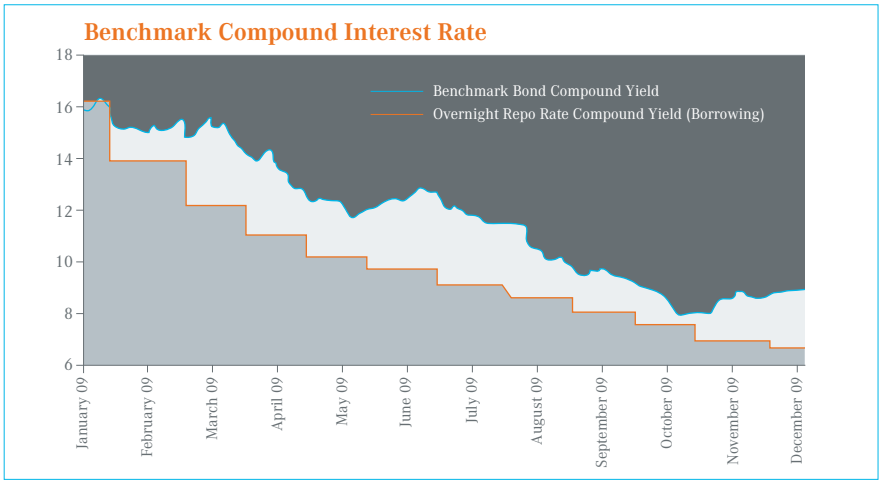
its leadership position also in 2010. The technical infrastructure of the ISE Collective Products Market was completed and it went into operation at the end of 2009. The stocks of the securities investment trusts, real estate investment trusts, venture capital investment trusts, exchange traded funds, warrants and other structured products now trades in ISE Collective Products Market.

Fixed Income Securities Market

IS Investment's expectations for year-end 2010 are 11.50% for the annual compound interest rate, 3.40% for real interest rate and TL 1.55 for the US$ exchange rates.

Initiated in November 2008, the Central Bank's short-term interest rate cut policy resulted in a fall of Domestic Government Debt Securities' interest rates to the record low levels. The interest rate cuts caused capital gains, offering its investors high earnings. An investor who invested in benchmark bond tripled the amount that the investor gained from overnight repo.

In 2009, the foreign investors decreased their Domestic Government Debt Securities portfolios gradually and systematically. However, the domestic investors' purchases compensated for the foreign investors' outflow. The downward trend in interest rates due to the Central Bank's persistent short-term interest rate cuts and supporting the market in terms of liquidity was markedly felt in the last three quarters of the year.



The US$ exchange rate increased sharply, to reach TL 1.80, reflecting the shrinkage in the risk appetite in the first quarter. However, the downward trend in the US$ exchange rate by the stabilization in the market created an opportunity for compensating the TL losses. 2009 was a satisfactory year for TL investors when the interest rate spreads are also considered.

Derivatives Market

IS Investment applied to the Capital Markets Board to issue "IS Investment ISE National 30 Index Call Warrant" and "IS Investment ISE National 30 Index Put Warrant" as another pioneering initiative.

IS Investment's expectations for year-end 2010 are: 11.50% for annual compound interest rate, 3.40% for real interest rate and TL 1.55 for the US$ exchange rates. One of the most unfavorable impacts of the global turmoil on the capital markets was the indifference of both the investors and the issuers towards corporate bonds. However, in 2010, the corporate bond issuances are expected to be more popular and particularly public offering to be much frequented. In 2009, IS Investment ranked second among brokerage houses trading in the ISE Bonds and Bills Market, with a TL 17.3 billion trading volume and a 12.9% market share.

IS Investment was the most active member of the Turkish Derivatives Exchange (TurkDEX) again in 2009. Is Investment continued to contribute to the development of the market not only with its high trading volume, but also with bid and ask quotes in illiquid contracts as well as guiding proposals presented to the TurkDEX management. The Company acts as the official market maker in gold contracts since August 2009.

In 2009, IS Investment's trading volume in the TurkDEX increased by 55%, to reach TL 88.4 billion. IS Investment retained its leading position with a 13.2% market share in 2009. As in previous years, the TurkDEX-ISE 30 contracts had the highest trading volume in 2009, while the TurkDEX-TRY/USD contracts ranked as second. Ambiguity regarding taxation at the beginning of the year abated with the exemption of the TurkDEX-ISE 30 contracts from the withholding tax, like stocks. However, the penalty brought upon order cancellations and withholding tax caused investors to avoid the currency contracts, therefore resulted in a decline in the trading volumes. A limited increase in the trading volume of the gold contracts was observed, however, the trading volume of other contracts remained low in 2009. Two sided quotes in the benchmark bond based interest rate futures were provided continuously by IS Investment, however, market interest in these contracts could not be raised.

13.2% **IS Investment's nominal trading volume increased 55% in 2009, to reach TL 88.4 billion. IS Investment retained its leadership in the TurkDEX with its market share of 13.2% in 2009.**

Foreign investors' interest in the derivatives market remained restrained due to the uncertainties in the international markets. The transactions executed by the foreign investors, which constituted 23% of all the trading volume in 2008, dropped to 8.4% of the total transactions in 2009.

The launch of the single stock futures, which are expected to contribute to the development of the market, was suspended by the Capital Markets Board. The draft regulation regarding the OTC options trading brokerage activities is expected to be put into force by the Capital Markets Board in 2010.

After the Capital Markets Board regulation regarding the warrants, IS Investment applied to the Board for the issuance of the "IS Investment ISE National 30 Index Call Warrant" and "IS Investment ISE National 30 Index Put Warrant", both for TL 25,000,000 notional value each and for six months maturity.

IS Investment's market share in the TurkDEX is expected to fall gradually in 2010, considering the increased number of TurkDEX members, while its trading volume is expected to grow in nominal terms.

Asset Management

In 2009, the mutual funds managed by IS Investment recorded a 180% growth, while the fund sector grew only 29%.

The decline in interest rates led investors to show interest in alternative products. In 2010, this trend is expected to continue thus resulting in increased demand for asset management service. In addition, once the tax regulation is amended, the Type A mutual funds industry is foreseen to record considerable growth.

In 2009, in regards to the asset management activities both in terms of the size of the assets under management and returns delivered, IS Investment had an efficient year. The total assets under management reached TL 10 billion. TL 7 billion of this amount is comprised of the mutual funds, which represent 24% of the market and TL 1.8 billion is comprised of the pension funds, which registered a 50% growth compared to the previous year. The growth of the other funds we managed also continued. In 2009, the highly demanded IS Investment Arbitrage Hedge Fund's shares were all sold out.

Isbank established eight new capital protected or guaranteed funds in accordance with investors' demands. IS Investment undertook the role of asset manager of these funds, which are listed below:

- Type B US$ increasing 100% Capital Protected Fund for investors,
- Type B 100% Capital Protected Fund for Investors Expecting FX to Appreciate
- Type B 100% Capital Protected First Sub Fund under Capital Protected Umbrella Fund
- Type B 100% Capital Protected Second Sub Fund under Capital Protected Umbrella Fund
- Type B 100% Capital Protected Third Sub Fund under Capital Protected Umbrella Fund
- Type B 100% Capital Protected Fourth Sub Fund under Capital Protected Umbrella Fund
- Type B 100% Capital Protected Fifth Sub Fund under Capital Protected Umbrella Fund
- Type B 100% Capital Protected Sixth Sub Fund under Capital Protected Umbrella Fund
- Type B 100% Capital Guaranteed First Sub Fund under Capital Guaranteed Umbrella Fund

Therefore, the number of Isbank funds managed by IS Investment increased to 10 in 2009.

The fund sector grew 29% in 2009, reaching to TL 38.7 billion. Mutual funds that are managed by IS Investment achieved a successful 180% asset size growth, outperforming the sector.

2009 was also a successful year for IS Investment in terms of fund performance. IS Investment's exchange traded funds, namely, IS Investment Dow Jones Turkey Equally Weighted 15 Type A ETF and IS Investment iBoxx Turkey Benchmark Bond ETF exhibited 99.88% and 99.98% correlation with their benchmark indices, respectively. Type A Variable and Type A Sütaş Special Variable Fund outperformed their benchmarks. Isbank's capital protected and guaranteed funds, which are managed by IS Investment ranked second in the sector following successful initial public offerings in 2009,

In 2010, IS Investment targets to outperform the benchmarks of its funds and take the first place in their respective fund groups. Furthermore, the demand for capital protected funds is expected to continue at an accelerated pace in 2010.

In May 2009, Ashmore IS Investment Type A Variable Fund, Ashmore IS Investment Type B Variable Fund, Ashmore IS Investment Type B Liquid Fund and in November 2009 IS Investment Bayraktar Holding Variable Special Fund were established. Therefore, the number of the funds established by IS Investment increased to 13 with the four new funds.

By George Friedman, CEO of STRATFOR and author of "The Next 100 Years"

"Wide Angle" hosted Dr. George Friedman

Dr. George Friedman, the world's prominent geo-strategist, founder and the CEO of Stratfor, known for his studies on political science and international political economy, was the guest speaker this year in IS Investment's traditional "Wide Angle" conference, which has been held since 2003.

Dr. Friedman, in his visit to Istanbul as the special guest of IS Investment, shared his invaluable thoughts and suggestions regarding how the world will be shaped and how Turkey will be positioned in the new world order in the aftermath of the global crisis in his speech "The New World Order and The Economic and Political Position of Turkey in the New Era," with the business and media circle.

Turkey: The Emergence Begins

Turkey is emerging as a major regional power, influencing events through the Balkans, the Caucasus and southward into the Arab world. In the long run I would expect Turkey to become the major power in the eastern Mediterranean. Two things influence my view. The first is the growth of the Turkish economy, which has weathered the global financial crisis better than most nations. The second is the strength of the Turkish military in terms of size, training and equipment. There is no regional power in the area at this moment that combines economic and military power of this magnitude.

As the United States moves to reduce its presence in the region, geopolitical vacuums are opening up. Turkey is naturally being drawn in to fill these vacuums. Turkish businesses are drawn into Iraq, while Turkish influence is simultaneously growing in Syria. Turkey is playing an increasingly dynamic role between Syria and the United States, and is active in trying to manage the Iranian situation. Ever since U.S. President Barack Obama's visit to Turkey, Washington has looked to Turkey as an interface for the United States in the region.

The economic crisis in Europe also has affected Turkey's standing. The crisis in Greece and the potential crises in Portugal and Spain represent a crisis between the center of the European Union and its periphery. Serious questions are arising both among the peripheral countries and in the center, particularly in Germany, about the wisdom of the current EU structure. One certain outcome of all this is that the aggressiveness with which Europe will expand into its periphery will decline. Instead, the members of the European Union will be dealing with their own structural problems for an extended period of time, which means that southeastern Europe will be looking for economic and political partners in new places. Turkey is already active in Southeastern Europe, so we see the current crisis as creating a vacuum in that region that Turkey will be drawn into just as it is being drawn into the Arab world.

My view has been that whatever may have been the case in the past, there is no longer a fit between the Turkish economy and the European Union. The crisis of 2008 and its consequences reinforce my view on this. Turkey was fortunate to be outside the confines of the European Union during the crisis, and is particularly fortunate not to be involved now. Turkey therefore has freedom of maneuver politically as well as economically.

Turkey must now define a new long-term foreign policy outside the intellectual confines of Europe. It must define its relationship with the United States, Russia, Iran and Israel. All of these relationships are filled with historical dangers and potential opportunities. There is not a single stable solution, but an ongoing dynamic as Turkey balances complex and competing interests. Turkey will be challenged to develop a sophisticated and non-ideological approach to these opportunities.

Turkey's greatest challenge is internal. At a time when geopolitical and economic opportunities that have been closed off for a century are reopening, managing internal divergences possibly intensified by Turkey's growing regional power will be a significant test for Ankara. In my view, however, Turkey will manage to find solutions internally, and the next year in particular will be when Turkey emerges as a decisive regional force.

Dr. George Friedman

Great increases in overseas transactions with TradeMaster International

Trading volume on TradeMaster International, which enables investors to trade on world exchanges via their laptops and mobile phones, increased significantly compared to that of the previous year.

General Outlook

The unemployment rate, retaining its 9.5-10% level, is expected to continue to be an important issue in 2010. It is foreseen that stagnant individual and retail expenditures caused by weak employment will maintain its significance.

2009 was a year in which the public authorities primarily in the United States as well as in the European, and Asian countries, implemented stimulus packages and bailout operations as part of their expansionary monetary and fiscal policies for financial recovery.

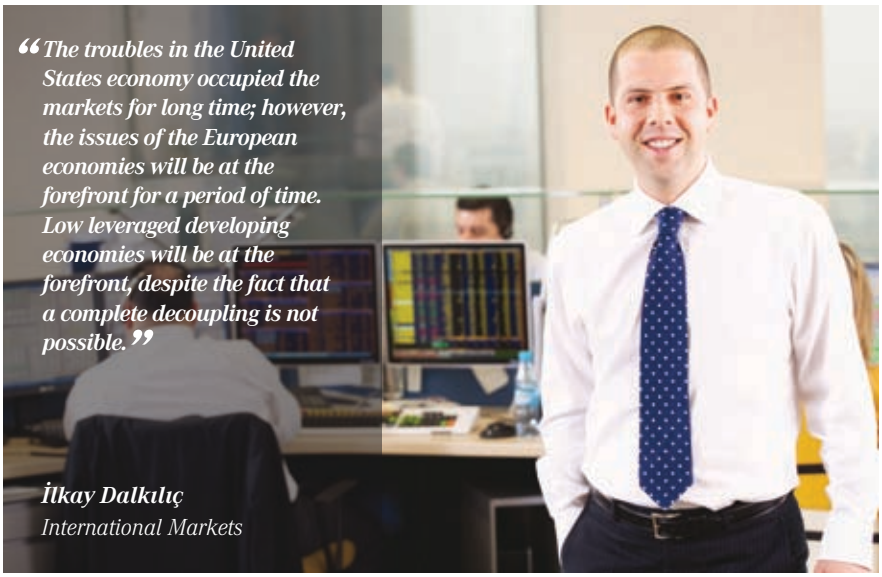
Since the crisis originated in the United States in general and the other countries became dependant on the United States economy, it is seen that the "decoupling" scenario was not successful and the United States oriented moves were inevitable. In the first quarter of the year, China's launch of a stimulus package of US$ 585 billion was acknowledged as the first positive development, while the underperformance of the economic data paved the way to persisting uncertainty regarding the prospects. The questions whether the stimulus package of US$ 787 billion prepared to revive the economy by the new United States government would be approved by the United States Congress or not and as to whether its impact would be limited or uncertain in addition to the announcement regarding the stress test the banks in the United States are subjected to and the speculations over the bankruptcy of General Motors could not prevent the losses in the exchanges.

The expenditures lavished by the new government in the United States within the framework of the stimulus package began to show their impact as the positive growth rate was caught in the third quarter.

The Federal Reserve Bank of America (FED) tried to tackle the problems by injecting liquidity into the economy by retaining interest rates at between 0-0.25 basis points within the scope of quantitative easing policy from the beginning of 2009. The other important actors, such as the European Central Bank (ECB) and Bank of England (BoE), tried to manage the liquidity and credit crunch by implementing interest rate cuts. In 2009, the FED's asset purchases amounting to US$ 1 trillion and the favorable expectations regarding the FED's ability to maintain economic recovery by retaining low interest rates accelerated the purchases.

Inflation will not be a threat in 2010.

Inflation is expected to be between 1.5-2% and will not be a threat in 2010 and the FED is expected to retain its expansionary monetary policy for the major part of the year. However, an upward trend in interest rates is expected to begin in the third quarter of 2010 and an increase of 50 basis points is expected.



"The troubles in the United States economy occupied the markets for long time; however, the issues of the European economies will be at the forefront for a period of time. Low leveraged developing economies will be at the forefront, despite the fact that a complete decoupling is not possible."

İlkay Dalkılıç
International Markets

The banks, which had an asset size above US$ 100 billion, were obliged to perform a stress test within the framework of a "Financial Stability Plan" that is aimed at the strengthening of the financial institutions and the preservation of the market's functionality. In the market, the Treasury's support for banks was initially welcome, however, the concerns over the possibility of seizure of the banks caused sharp sales.

While the US$ depreciated against the Euro, gold continued to appreciate and the gold prices tested new record levels. The sale of gold by the International Monetary Fund to India and Russia, which are positioned as the biggest gold consuming countries, together with the debt crisis in Dubai, which implemented rapid growth policy in the construction and tourism sectors in the previous decade, at the end of November were among the other significant developments of the year. The downgrade of the credit ratings of Greece and Spain by the credit ratings agencies accelerated the global anxiety and had an adverse effect on the stock exchanges, paving the way for the gold to appreciate 30%, beating a record.

In 2010, inflation is expected to be between 1.5-2% and will not cause any immediate threat and the FED is expected to retain its expansionary monetary policy for the major part of the year. However, an upward trend in interest rates is expected to begin in the third quarter of 2010 and an increase of 50 basis points is expected. The unemployment rate, retaining its 9.5-10% level, is expected to continue to be an important issue in 2010. It is foreseen that stagnant individual and retail expenditures caused by weak employment will maintain its significance.

IS Investment concentrated on a transition in international markets, while the world markets proceeded in such a direction. The number of institutions that IS Investment cooperates with in its transactions in the international markets exceeded 100 in the last decade. IS Investment not only trades stocks, bonds and futures in the world markets via these institutions, but also ensures hassle free settlement thanks to its accounts held in esteemed settlement and custody institutions. The Company invested serious amounts for its technological infrastructure in respect to those transactions in the international markets while constructing its global relations network. At present, IS Investment cooperates with the institutions in Europe and in the US for its transactions in the respective countries, as well as cooperating with local institutions in Dubai, Kuwait, Brazil and Russia for its transactions in these four countries.

International Stock Markets

In 2009, the world markets market capitalization remained below the levels before the crisis, despite the sharp increases observed in the emerging markets' stock exchanges.

In 2009, the world stock exchanges increased as the global economic recovery began. On the world exchanges, which declined since the last quarter of 2007, an upward trend dominated in the last nine months of 2009. The liquidity in the international markets and the hot money due to the central bank interest rate cuts had a tremendous impact on the reverting of the excess back to stocks.

According to the world's main benchmark stock indices, the Dow, Standard & Poor's 500, the Nasdaq Composite Index and the DAX increased by 18.8%, 23.5%, 43% and 26% respectively. Apart from the benchmark stock indices, the persistent growth of developing economies such as China, Brazil and India in an environment of global crisis had a positive impact upon the stocks traded on the exchanges in these countries. The price increases in stocks reached extraordinary high levels in 2009 in Shanghai by an 80% increase and Hong Kong by a 52% increase.

In 2009, the world exchanges market capitalization remained below the levels before the crisis despite the sharp increases observed in the emerging markets stock exchanges. While the benchmark indices approximated towards the pre-crisis levels, market capitalizations increased rather gradually. The recovery observed in the current stock performances of the benchmark indices have not yet spread over the exchange in general. The increase in financial stocks contributed greatly to the increase in the exchanges accepted worldwide as benchmark indices.

The IS Investment spot transaction volume in international markets remained limited, due to the uncertainties in the international markets. The Company was committed to enhance the customer base using TradeMaster International software, which enables clients to monitor the international markets for 24 hours and to trade on the international markets within the current transaction limits specified for their accounts at IS Investment via their own personal computers. The transactions of the investors in stocks and derivative instruments on international markets increased significantly in 2009 with the usage of this program.

The expectations regarding the central banks increasing interest rates in 2010 is expected to adversely affect the expectations about the upward trend in the exchanges.

World Exchanges Increased

In 2009, the world stock exchanges increased as the global economic recovery began. In the world exchanges, which declined since the last quarter of 2007, an upward trend dominated in the last nine months of 2009.

International Eurobond Markets

In 2009, IS Investment began to orient investors towards the primary markets again as the risk perceptions began to change in a positive direction, unlike 2008, when IS Investment preferred to approach the primary markets more passively.

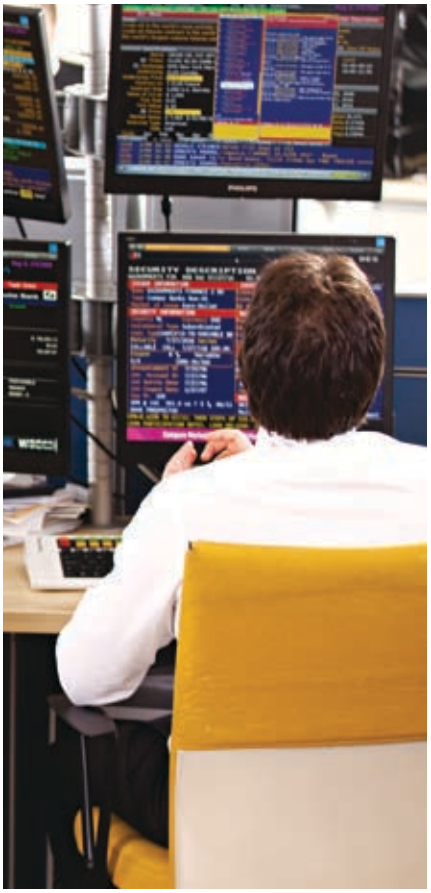
In parallel with the positive global risk perception towards the developing countries' Eurobond Markets, 2009 was a year of declining risk premiums and redirection of the excess liquidity towards the developing countries' Eurobonds due to the measures implemented by the central banks of the developed world.

In 2009, the prices of the developing countries' Eurobonds reached the levels before the Lehman Brothers' bankruptcy in September 2008. Risk premiums of the developing countries' Eurobonds dropped as the credit rating agencies upgraded the credit ratings of Turkey, Brazil and Indonesia in September.

Turkish Eurobonds followed a similar path in parallel with the emerging market. The upgrade of credit ratings of Turkey and the relatively strong structure of the Turkish economy in comparison to that of the rest of the developing countries resulted in Turkish Eurobond yields to drop sharply.

In 2009, IS Investment began to orient investors towards the primary markets again as risk perceptions began to change in a positive direction, unlike 2008 when IS Investment preferred to approach primary markets more passively.

IS Investment, like the issuance in 2007, took part in the Bank Pozitif 2014 maturity Eurobond issuance consortium as the "co-manager" together with Standard Bank, JP Morgan and the Royal Bank of Scotland as the "lead-managers."



International Derivatives Market

In 2009, IS Investment maintained the successful performance that it gained in 2008 with TradeMaster International (TMI).

The financial crisis on the global scale in 2009 and the consequent inclination to sell increased the volatility in the international markets. The volatile market conditions enhanced the opportunities for short sales and increased the investors' interest in futures contracts.

IS Investment provides customers with uninterrupted service during business days from 8 am till midnight in international markets. Investors are able to trade in international markets whenever they like. The investors, who are continuously updated about the markets, are also supported via reports containing information and commentary on financial contracts and commodity markets.

In 2009, IS Investment maintained the successful performance that it gained in 2008 with TradeMaster International (TMI). The launch of the "TradeMaster Mobile" application provided customers with a facility to access their TradeMaster accounts and to trade via their mobile phones in case they are away from their personal computers. The continuous improvement of the service quality is the most significant assurance of IS Investment's leadership position in a competitive environment.

In 2009, the customers' interest in leveraged instruments increased. The variety the TMI platform offers in these instruments successfully met the customers' needs in regards to profit seeking and hedge perspective.

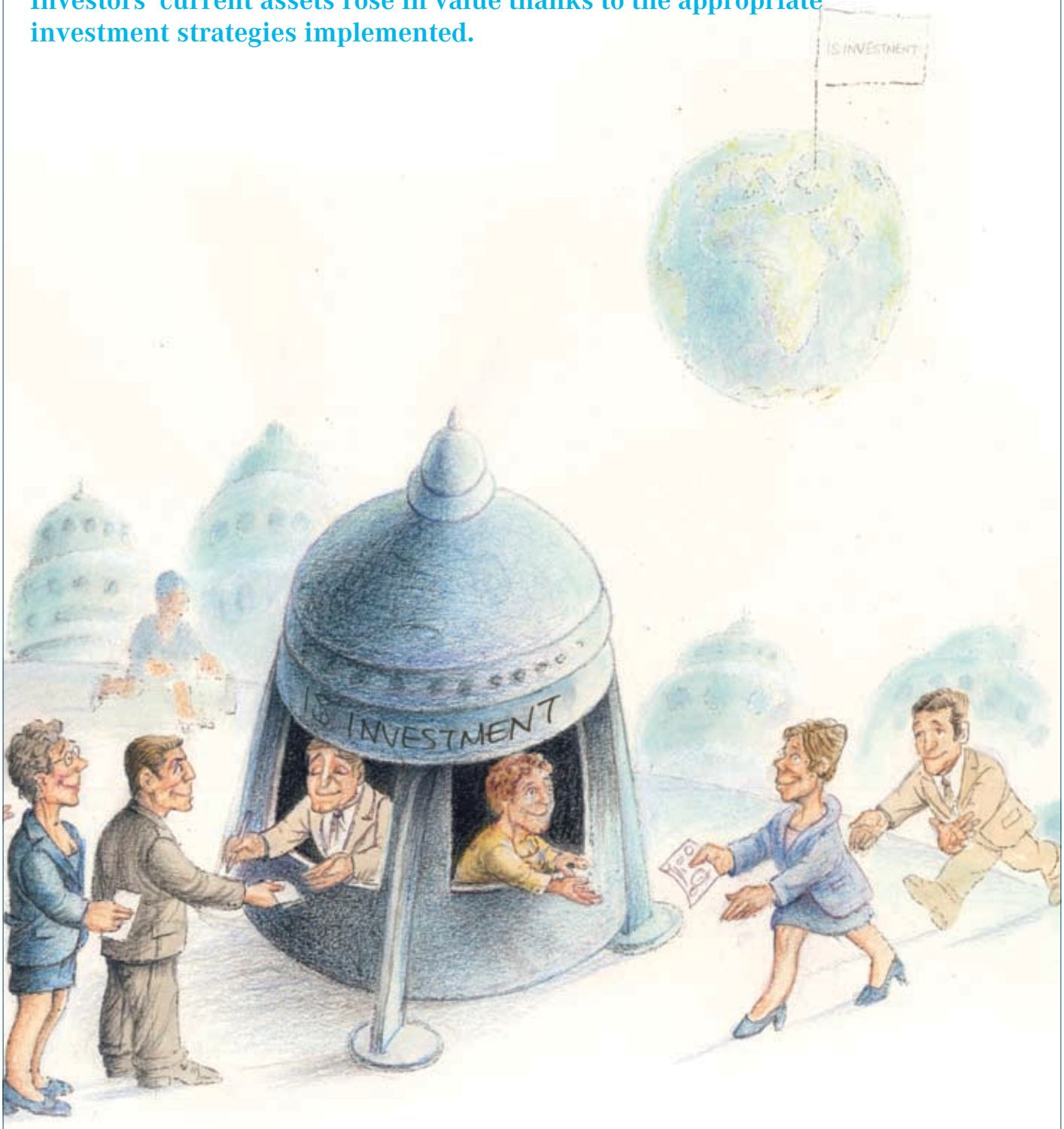
Our trading volume in the London Metal Exchange increased.

The transactions in the London Metal Exchange (LME), which was added to the trading platform in 2008 targeting the companies who were involved in metal trading, continued to increase in 2009.

The transactions on the London Metal Exchange (LME), which was added to the trading platform in 2008 targeting the companies who were involved in metal trading, continued to increase in 2009. The number of LME future contracts at year-end 2009 increased significantly when compared to that of 2008.

IS Investment continues to grow

New investors were gained and new fund inflow was ensured as a result of vigorous domestic sales and marketing activities. Investors' current assets rose in value thanks to the appropriate investment strategies implemented.



Domestic Sales and Marketing

After the fifth branch opened in Maslak, in addition to the Akaretler, Kalamış, Yeniköy and Yeşilköy branches in Istanbul, IS Investment's total number of branches countrywide increased to seven, including the ones in Izmir and Ankara.

Despite the fluctuations in the financial markets and the macroeconomic imbalances generated by the global crisis, 2009 was a considerably successful year for IS Investment in terms of domestic sales and marketing activities.

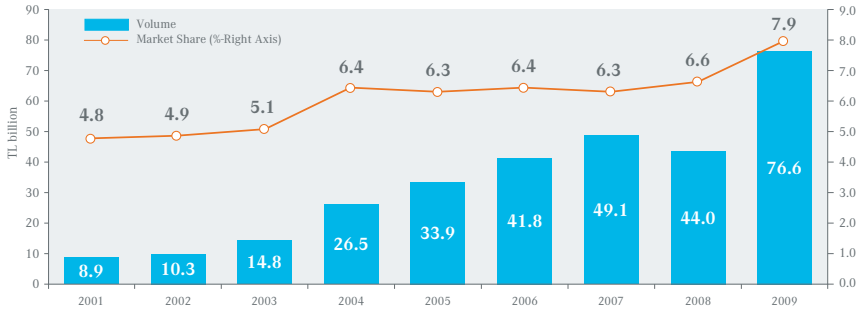
In line with its growth strategy, IS Investment's marketing/sales activities were expanded with the addition of new branches to the current organizational structure. After the fifth branch opened in Maslak, in addition to the Akaretler, Kalamış, Yeniköy and Yeşilköy branches in Istanbul, IS Investment's total number of branches countrywide increased to seven, including the ones in Izmir and Ankara. In 2010, the Company is planning to open a branch in Bursa after its Levent branch in Istanbul becomes operational at the end of the first quarter of the year.

New investors were gained and new fund inflow was ensured as a result of vigorous domestic sales and marketing activities. Investors' current assets rose in value thanks to the appropriate investment strategies implemented.

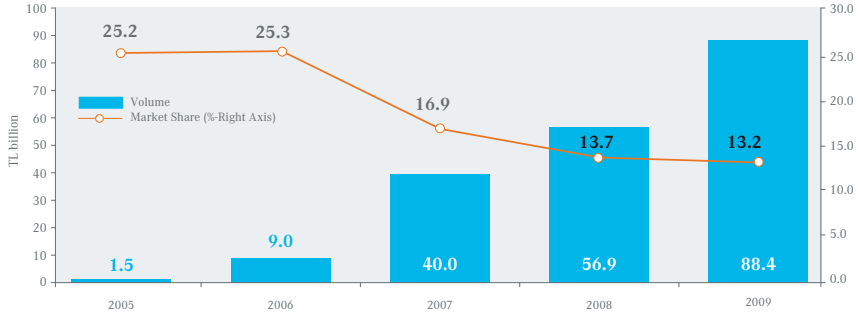
IS Investment's branch network increased to nine branches.

After the fifth branch opened in Maslak, in addition to the Akaretler, Kalamış, Yeniköy and Yeşilköy branches in Istanbul, IS Investment's total number of branches countrywide increased to seven, including the ones in Izmir and Ankara. The branch network will be enhanced to reach nine branches by the opening of the Levent branch in Istanbul in the first quarter of 2010 and the opening of a branch in Bursa later in the year.

IS Investment ISE Stock Market Performance



IS Investment TurkDEX Performance



In line with the strategy to expand marketing activities beyond Istanbul, Ankara and Izmir, new visits were made to the potential regions, where no IS Investment branch is located.

As a result of vigorous marketing and advertising activities during the year, a significant success was achieved in 2009 in expanding the use of the TradeMaster International trading platform, which was initially introduced to investors in 2008. IS Investment carried out various publicity campaigns to spread the use of TradeMaster International, which provides clients monitoring the international markets closely with effective, rapid and reliable trading facilities in various countries and capital markets.

In order to advertise the hedge transactions on the London Metal Exchange to the target audience effectively and to support the spread use of the TradeMaster International trading platform, the Company participated in various activities. Thanks to the advertising activities, new investors who used the future contracts for hedge purposes were added to the portfolio. The Company managed to increase the number of users of the TradeMaster International trading platform considerably when compared to that of 2008 as a result of these advertising campaigns, fair presentations, trainings and one-on-one marketing activities.

IS Investment participated in the issuance of;

- Ashmore IS Investment Type A Variable Investment Fund,
- Ashmore IS Investment Type B Variable Investment Fund,
- Ashmore IS Investment Type B Liquid Investment Fund

under the management of Ashmore Portfolio Management, which is one of the world’s leading management firms, located in London.

The IS Investment Type B Bayraktar Holding Variable Special Fund was established and issued under the management of Bayraktar Holding.

Foreign Institutional Sales and Marketing

The preservation of the foreign ownership of stocks on the ISE at 67% is an indication of confirmed continuous interest of foreign investors in the ISE.

In the aftermath of the global crisis, the first quarter of 2009 was a time for restoring confidence on behalf of foreign investors. Foreign investors' risk-taking appetite increased considerably towards the emerging markets as the alternative investment range was limited since the second quarter of the year. The relatively strong banking sector in Turkey, compared to the competitive markets, was influential in orientation of foreign investors towards the Turkish capital markets. ISE was among the most profitable exchanges worldwide with an upward trend observed in 2009.

Despite the fluctuations during the year, the rate of foreign ownership of stocks in the ISE was retained at 67% in December 2009. This is considered to be an indication of confirmed continuous interest of foreign investors in the ISE.

After the incumbent outflows due to the sales in 2008, such a development, which emphasized the persistent positioning of Turkey in foreign investors' perceptions, indicated that Turkey was in the forefront of the list of preferences during the restoration of confidence at a global scale.

The Central Bank's interest rate cuts, the real sector incentives, an unexpected improvement of the net errors and omissions items were among the factors that had an impact upon the upturn of the markets, whereas the economic data was seem to be ineffective on the uptrend.

2010 is foreseen as a year of change in the current positions of the markets, which will be shaped by the new IPOs and instruments.

Strategic Planning and Mergers & Acquisitions

Despite the unfavorable market conditions and the declining transaction volumes in Turkey in general, IS Investment rendered advisory services in eight transactions in 2009 with an outstanding performance among the domestic and foreign intermediaries.

In 2009, the total number of company merger and acquisition (M&A) transactions around the world declined by 27% when compared to the previous year, while the contraction in Turkey was 37%. The total volume of mergers and acquisitions dropped 28% in the world and 75.6% in Turkey. In Turkey, by end-year 2008, there were 203 transactions, amounting to US$ 18 billion, while in 2009, there were 128 transactions reaching US$ 4.4 billion.

IS Investment organized its activity areas under different headings and strengthened its position by continuously enhancing the scope of advisory services. The restructuring services in the framework of private sector advisory, which began to be offered to holdings in the previous years, continued in 2009. Corporate Finance Department undertook efforts in financial valuation within the scope of corporate advisory services. The services regarding cases subject to the court of international arbitration, which are considered to be the most sophisticated advisory services in the sector, are listed among the advisory services at IS Investment. In 2009, thanks to the services it offered, IS Investment maintained its position of being the only investment house in this field. IS Investment was appointed as the independent damage expert by the Ministry of Energy and Natural Resources regarding an international arbitration law case related to an electricity distribution project. IS Investment submitted reports to the arbitration tribunal.

IS Investment continued to offer advisory services to private sector companies in their mergers and acquisitions efforts as it did in 2006, 2007 and 2008. There was a decline in M&A activities in Turkey due to the global economic crisis. Despite the fact that there were limited numbers of M&A transactions in 2009, the interest of foreign and domestic investors revived in all sectors in the second half of the year. This revival is expected to continue in 2010.

IS Investment renders financial advisory services to many companies operating in various sectors, primarily the energy, services and production sectors. Despite the unfavorable market conditions and the declining transaction volumes in Turkey in general, IS Investment rendered advisory services in eight transactions in 2009, with an outstanding performance among the domestic and foreign investment houses.

In addition to the eight projects completed in 2009, there are various ongoing projects that IS Investment is assigned as the advisor, primarily in the energy, automotive supplier industry, food and real estate sector.

IS Investment continued to provide advisory services to the buy side in privatization projects in 2009 in addition to the private sector merger and acquisition transactions.

IS Investment updated business partners abroad on a regular basis about the mergers, acquisitions and privatization opportunities in Turkey and continued to create business prospects.

In 2010, the volume of mergers and acquisitions are expected to exceed the transaction volume of 2009; however, it will remain below the levels that were seen before the crisis. Privatization projects are expected to dominate the M&A activities. The preparations for tenders at Başkent Doğalgaz Dağıtım electricity power plants, İGDAŞ, Galata Port and National Lottery commenced in 2009 and the tenders are expected to be launched in 2010. IS Investment’s objective is to maintain its leading role by rendering either buy and/or sell side advisory services in all major privatization projects, as in the previous years. It aims to reinforce its leadership in the ranking in terms of the number of transactions by completing the current M&A projects.

Privatization

2010 seems to be a rather buoyant year in terms of privatizations.

In 2009, the privatization program concentrated on the energy sector. The transfer of the SEDAŞ and Meram electricity distribution companies to the private sector was completed and the privatization tenders of Osmangazi, Yeşilırmak and Çoruh electricity distribution companies were placed.

IS Investment was appointed as the buy side advisor to Aksa Elektrik Perakende Satış A.Ş., which won the tender of privatization of 100% of the electricity distribution company Çoruh Elektrik Dağıtım A.Ş. as of 6 November 2009 with a US$ 227 million bid.

The tenders for privatization of Portfolio B and Portfolio C belonging to Türkiye Şeker Fabrikaları A.Ş. were completed. 2010 seems to be a rather buoyant year in terms of privatizations. In particular, the energy sector projects are expected to be in the forefront.

“2010 will be an attractive year for corporate bond issuance as well as stock offerings.”

Yeşim Karayel
Corporate Finance

Public Offerings

In 2010, IS Investment’s aim is to participate in many public offerings, depending on the restoration of the market conditions.

In 2009, there were no public offerings except for the IPO of logistic services company Ran Lojistik Hizmetleri A.Ş. in October, amounting to US$ 6 million.

Due to prevailing market conditions, all public offerings, particularly the ones that were slated for the second half of 2009, were postponed in order to wait for more accommodative market conditions.

2010 is expected to be a more active year in terms of public offerings once the impact of the crisis diminishes. Due to prevailing market conditions, the public offerings of the private sector companies, which completed their conversion into real estate investment trusts in the real estate sector, are expected to take place.

IS Investment was appointed as the domestic consortium leader in the IPO of Koza Gold, which is expected to be completed in February 2010. In 2010, IS Investment’s aim is to participate in many public offerings, depending on the restoration of the market conditions.

Major Public Offerings since 2005

	Company	Revenue (TL million)	Net Revenue* (TL million)	Year	Leading Brokerage House
1	Halkbank	2,476	2,476	2007	IS Investment
2	Turk Telekom	2,368	2,104	2008	Garanti Securities
3	VakıfBank	1,723	1,723	2005	IS Investment
4	Tekfen Holding	584	584	2007	IS Investment
5	Koza Gold	662	513	2010	IS Investment -Ak Investment
6	Sinpaş GYO	510	434	2007	HSBC Investment
7	Coca-Cola İçecek	419	419	2006	IS Investment
8	TAV Airports	446	428	2007	Garanti Securities - HSBC Investment
9	Petkim	210	210	2005	Finans Investment
10	BİM	290	290	2005	IS Investment
11	Turkish Airlines	135	131	2006	IS Investment
12	Akmerkez REIT	269	269	2005	Garanti Securities
13	Turkish Airlines	270	270	2004	IS Investment
14	Bank Asya	242	240	2006	Deniz Investment
15	Selçuk Ecza	241	241	2006	IS Investment
16	Albaraka Türk	227	227	2007	Finans Investment
17	Vestel Beyaz Eşya	191	191	2006	Deniz Investment
18	IS Investment	99	99	2007	IS Investment
19	Reysaş Lojistik	69	69	2006	Finans Investment
20	Anel Telekom	34	34	2005	Evgin Investment

* Net Revenue = Revenue calculated by subtraction of the cost of net shares bought after price stability transactions completed.

Corporate Bond Issuances

In 2010, IS Investment will continue to pursue its objective to develop the corporate bond markets and to increase its liquidity, taking into consideration the variety of the corporate bonds diversified by the regulations of the Capital Markets Board.

A total of 19 commercial paper and corporate bond issuances have been made in Turkey since 2005, which have a total value of TL 918.8 million. Four of these, with a combined total of TL 320 million, were made via the public offering method. In these issuances, the majority of which was bought by the intermediary institution, the ratio to reach the investor was below 25%.

Two of the nine companies, whose bond and commercial paper issuances and public offerings were undertaken in 2007 and 2008 are C Factoring and CreditWest Factoring, respectively; both intermediated by IS Investment. These issues, which have two-year terms and coupon payments every six months, are the only floating rate bonds in the market.

As the variety of alternative products increased, the cost of issuances fell and interest rates declined in 2009, the real sector companies as well as the financial sector companies and both the qualified individual and corporate investors showed more interest in corporate bonds.

If demand for issuance of corporate bonds both by investors and companies increases, the Turkish Lira real interest rate will retain the level reached at the end of 2009 during 2010.

In 2010, IS Investment will continue to pursue its objective to develop the corporate bond markets and to increase its liquidity, taking into consideration the variety of the corporate bonds diversified by the regulations of the Capital Markets Board.

“In 2009, we have started to publish fixed income research products, including periodic reports, company research and presentations. In 2010, our objective is to extend the number of companies under research coverage and increase the pace of idea generation.”

***Emre Sezan,** CFA*
Research Department

Research Department monitors 70 companies on ISE.

The Research Department covers 70 companies on the ISE and issues recommendations for each, corresponding to 80% of the total market capitalization. “The Most Recommended list”, formed by the top buy ideas of the research team outperformed the ISE 100 index by 58% in 2009.

Research

Rising competition in 2009 increased the importance of research services and generation of value added information in offering proper guidance to clients.

In 2009, IS Investment continued to contribute to the investment decisions of domestic and foreign investors by rapidly producing accurate and reliable information about the Turkish capital markets through the efforts of its competent staff.

The Company organized investor meetings to bring together Turkish companies with investors, and road shows to support domestic and foreign sales activities.

The Research Department, covering 70 companies on the ISE, produces regular reports and issues recommendations for stocks, covering 80% of the total market capitalization. “The Most Recommended” list formed by the top “buy” ideas of the Research team outperformed the ISE 100 index by 58% in 2009.

Rising competition in 2009 increased the importance of research services and generation of value added information in offering proper guidance to clients. In 2009, Research Department has started to publish fixed income research products, including periodic reports, company research and presentations. The target for 2010 is to extend the number of companies under research coverage and increase the pace of idea generation.

Financial projections and price targets, and research reports for companies under coverage are published on the Company’s web site. Existing and potential clients can access the information on the website. In addition, customers are informed about research comments regarding new data, breaking news and recent developments via the renewed customer e-mail delivery system.

Risk Management

Risk measurement and management activities are performed independently from IS Investment's executive units of its main business lines.

The new products developed in accordance with the needs and expectations of the clients and investors in the financial services sector have vital importance in the deepening of the capital markets and the diversification of transactions. Steady utilization of these products, both by the investors and the market, necessitates the solid monitoring and supervision activities on the part of the regulatory bodies and an efficient risk management on the part of the financial institutions.

IS Investment, which offers a broad range of services to its clients in domestic and international markets, has developed internal proactive control and management practices geared towards market, credit, liquidity, operational and counterparty risk classes in order to meet this requirement. In this regard, the Market Risk Module, which is used to measure the risk levels of transactions, is integrated into the Asset-Liabilities Module. Such integration made balance sheet analysis possible in terms of product, balance sheet, currency, interest rate sensitivity, subsidiary, on/off balance sheet and maturity.

In respect to the liquidity risk management activities, an "Emergency Plan," which includes the necessary measures to be taken by the Company in case of a liquidity crunch, was prepared.

Risk measurement and management activities are performed independently from IS Investment's executive units of its main business lines.

Independent audit, internal audit and rating activities carried out regularly, as well as risk management function, contributes significantly to the development of a common risk culture at the Company.

IS Investment implemented the fundamental principles and standards regarding the risk management system and processes of the consolidated group companies in 2009. The securities portfolio of IS Investment Trust was initially integrated to IS Investment's risk management system in this regard.

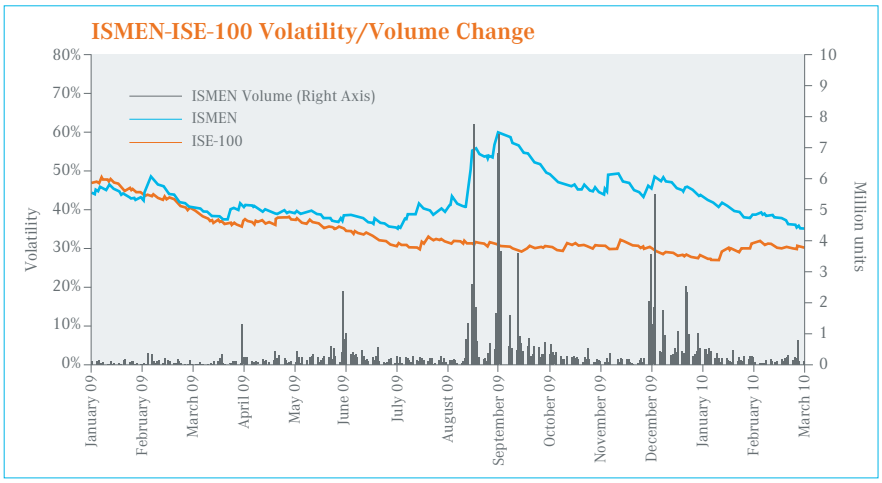
In 2010, the project regarding the Risk Appetite Index, which is designed as a derivative of the international financial indicators and is expected to ease the monitoring of the market exuberance, will continue.

"In 2009, we integrated the securities portfolio of IS Investment Trust to IS Investment's risk management system. In 2010, we will continue with the project regarding the Risk Appetite Index, which is expected to ease the monitoring of the market exorbitances."

Doç. Dr. Evren Bolgün
Risk Management

In 2010, it is planned to frame the business analysis in parallel with the objective to offer Corporate Risk Management services to current and potential customers. Corporate Risk Management activity denotes generation of common values, a rise in operational efficiency and effective capital management for corporate firms. IS Investment is eager to share the knowledge and experience that it has accumulated from financial risk management practices applied to its own securities portfolio, with its customers. This will contribute to defining current risk levels and risk appetites and lead to more appropriate choices to be made by customers.

The main duties of Risk Management include performing the daily risk management activities, managing the database that holds the market and portfolio data, preparing quantitative risk measurement and analysis as well as implementation of various business models in coordination with the Operations, Financial Control, Portfolio Management and Information Technologies departments.



Proactive control and management practices in respect to risk classes.

IS Investment, which offers a broad range of services to its clients in domestic and international markets, has developed internal proactive control and management practices geared towards market, credit, liquidity, operational and counterparty risk classes in order to meet this requirement. In this regard, the Market Risk Module, which is used to measure the risk levels of transactions, is integrated into the Asset-Liabilities Module. Such integration made balance sheet analysis possible in terms of product, balance sheet, currency, interest rate sensitivity, subsidiary, on/off balance sheet and maturity.

ISMEN's strong performance in the ISE

ISMEN's price reached TL 2.96 and its value increased by 284% at year-end 2009. Such a performance indicates a price increase 96% above the ISE-100 index.

Investor Relations

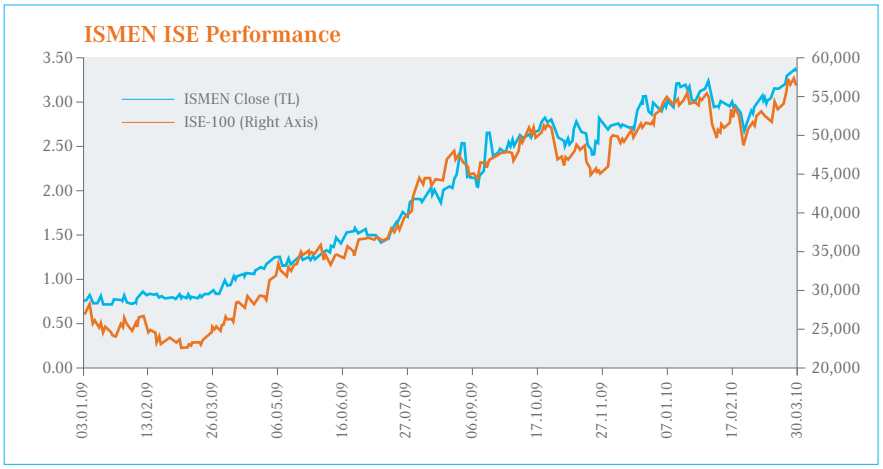
Individual consultations with investors, an active approach regarding the disclosure policy, sensitivity in informing the public and the efforts to engage domestic investors culminated in success and is reflected in the stock performance.

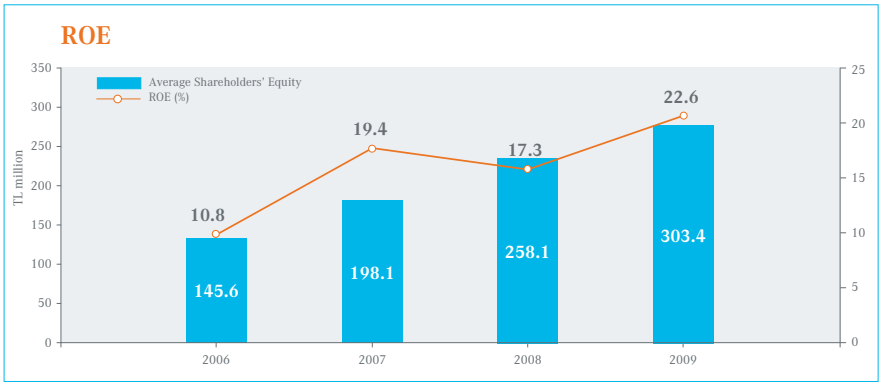
ISMEN, which started 2009 at a price of TL 0.77, benefited from the upward trend, especially from the second quarter onwards. ISMEN's price reached TL 2.96 and its value increased by 284% at year-end 2009. Such a performance indicates a price increase 96% above the ISE-100 index.

Individual consultations with investors, an active approach regarding the disclosure policy, sensitivity in informing the public and the efforts to engage domestic investors culminated in success and was reflected in the stock performance.

IS Investment outperformed its targeted 20% ROE which it determined for a five year period during its public offering and disclosed to investors. The Company's ROE reached 22.6% by year-end 2009.

In 2009, the Investor Relations Department continued to update shareholders and all other related parties in a timely, accurate and comprehensive manner in accordance with IS Investment's Disclosure Policy. During 2009, a total of 566 public disclosure notices were send to ISE's E-Public Disclosure Platform (KAP). The notices were posted on the Company's website, in both Turkish and English, for shareholders and stakeholders, aiming to provide means for easy access to information at the lowest cost possible.





IS Investment's ROE is 22.6%.

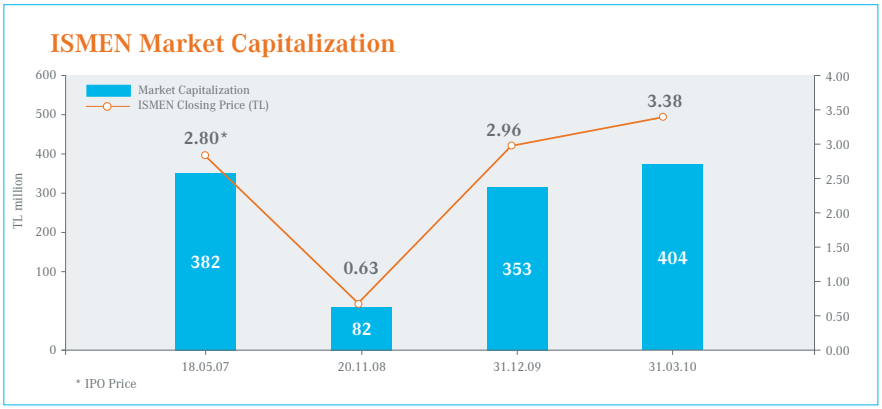
IS Investment outperformed its targeted 20% ROE which it determined for a five year period during its public offering and disclosed to investors. The Company's ROE reached 22.6% by year-end 2009.

The investor presentations regarding the Company's market and financial performance proceeded on the day of the KAP as the second session ended. In compliance with the capital markets regulation, investors are provided with information regarding the Company at the earliest time possible and before other individuals/institutions.

As in other activities of Investor Relations, compliance with the Corporate Governance Principles is ensured during preparations for the General Meeting of Shareholders. The invitations to the General Meeting of Shareholders and the public disclosure notice were made three weeks prior to the Meeting via informative e-mails, newspaper ads and on the corporate website. The Annual Report was presented to the shareholders at the Company's head office and on the website. An English version of the information package including the meeting's agenda, corporate governance principles compliance report and audited financial statements were available at the General Meeting of Shareholders for foreign shareholders/ representatives.

The inquiries by the shareholders and stakeholders were replied to in a timely, accurate and comprehensive manner, regarding the confidentiality of trade secrets. Interviews with the research companies and credit rating agencies were held to inform the analysts about IS Investment's activities, and performance and accuracy of the interpretations were ensured.

Investor Relations plans to proceed with the necessary projects effectively to enable IS Investment to provide shareholders and stakeholders with top value by continuously enhancing its service quality.



The Agenda of the Ordinary General Meeting of Shareholders

1. Opening formation of the Chairing Council and authorization of the Council members to sign the minutes of the meeting.

2. Reading and deliberation of the Board of Directors' Annual Report and Statutory Auditors' Reports for 2009.

3. Reading, deliberation and approval of balance sheet and profit & loss statement for 2009.

4. Deliberating and decision on the Board of Directors' proposal concerning the dividend distribution of 2009.

5. Presentation of information to the general public about grants and donations made in 2009.

6. Individual acquittal of each member of the Board of Directors and the Statutory Auditors of their fiduciary responsibilities for 2009.

7. Approval of the independent audit firm chosen by the Board of Directors.

8. Election and determination of Board of Directors members and the membership period.

9. Election and designation of the Statutory Auditors and the term of office.

10. Determination of the fees to be paid to members of the Board of Directors and to the Statutory Auditors.

11. Petitions and suggestions.

Dividend Distribution Proposal of the Board of Directors

At the Company's Board of Directors' meeting as of April 01, 2010;

Based on the financial statements prepared in accordance with the Capital Markets Board's (CMB) Communiqué Serial: XI, No: 29 entitled Principles Regarding the Financial Reporting in the Capital Markets, the Company had a consolidated after-tax profit of TL 68,498,460.00 and a net profit according to legal records of TL 42,688,723.69 from its operations in 2009.

After setting aside 5%, or TL 2,134,436.18, for the primary legal reserve pursuant to Article 466 of the Turkish Commercial Code, the Company had a distributable profit of TL 66,364,023.82 in accordance with the capital markets law. Adding the TL 32,465.00 that was donated to foundations and associations during the year to this amount yields a first dividend basis of TL 66,396,488.82. According to legal records, the Company has a net distributable profit of 40,554,287.51.

In accordance with the dividend distribution table, it was resolved to propose the following to the General Meeting of Shareholders:

The current period profit calculated according to legal records shall be divided as follows: TL 2,134,436.18 shall be paid as primary legal reserve, TL 13,279,297.76 shall be paid as first dividend, TL 6,639,648.88 shall be paid as second dividend; in total, TL 19,918,946.64 shall be paid as gross cash dividend to shareholders; TL 1,394,959.66 shall be reserved as secondary legal reserve; TL 19,240,381.20 registered in the legal records shall be reserved as extraordinary reserves;

In addition, it was also resolved to propose the distribution of the total cash dividend of TL 19,918,946.64 as described below, in accordance with the legal records in case the aforementioned dividend distribution proposal is accepted;

Shareholders who are full-fledged taxpayers in Turkey and limited-taxpayer companies obtaining dividends through an agency or permanent representative in Turkey shall be paid TL 0.16684 gross = net dividend per share with a nominal value of TL 1.00 at the rate of 16.68435%; other shareholders shall be paid TL 0.16684 gross and TL 0.14182 net dividend per share with a nominal value of TL 1.00 at the rate of 16.68435% and dividend distribution shall commence on Monday, May 3, 2010.

IS Investment
Board of Directors

2009 Dividend Distribution Table (TL)

1. Paid-in/Issued Capital	119,387,000.00	
2. Total Legal Reserves (According to Legal Records)	5,921,260.57	
Information on privileges in dividend distribution, if any, in the Articles of Association:	None	
	Based on CMB Regulations	**Based on Legal Records (LR)**
3. Current Period Profit	81,718,814.00	52,455,115.64
4. Taxes Payable (-)	(13,220,354.00)	(9,766,391.95)
5. Net Current Period Profit	68,498,460.00	42,688,723.69
6. Losses in Previous Years (-)	0.00	0.00
7. Primary Legal Reserve (-)	(2,134,436.18)	(2,134,436.18)
8. NET DISTRIBUTABLE CURRENT PERIOD PROFIT	**66,364,023.82**	**40,554,287.51**
9. Donations Made during the Year	32,465.00	
10. Donation-Added Net Distributable Current Period Profit on which First Dividend Is Calculated	66,396,488.82	
11. First Dividend to Shareholders		
- Cash	13,279,297.76	
- Stock		
- Total	13,279,297.76	
12. Dividend Distributed to Owners of Privileged Shares	0.00	
13. Dividend Distributed to Members of the Board of Directors, Employees, etc.	0.00	
14. Dividend to Owners of Redeemed Shares	0.00	
15. Second Dividend to Shareholders	6,639,648.88	
16. Secondary Legal Reserves	1,394,959.66	
17. Statutory Reserves	0.00	
18. Special Reserves	0.00	
19. EXTRAORDINARY RESERVES	**45,050,117.51**	**19,240,381.20**
25. Other Distributable Resources		
- Previous Year's Profit		
- Extraordinary Reserves		
- Other Distributable Reserves as per the Law and the Articles of Association		

INFORMATION ON DIVIDEND PAYMENT

CASH DIVIDEND PER SHARE			
	Total Cash Dividend Amount (TL)	**Dividend per Share with a Nominal Value of TL 1.00**	
		Amount (TL)	**Rate (%)**
Gross	19,918,946.64	0.16684	16.68435
Net	16,931,104.65	0.14182	14.18170
The Ratio of Dividend Distributed to the Donation-added Net Distributable Profit (%)			
	Dividend Distributed to Shareholders (TL)	The Ratio of Dividend Distributed to the Donation Added Net Distributable Profit (%)	
	19,918,946.64	30.00	

Corporate Governance Principles Compliance Report

1. Corporate Governance Compliance Statement

As a developing country, increasing the quality and quantity of international inflow of capital to our country is of vital importance. The financial crisis, which began to have an effect since the third quarter of 2008, while dragging the world economies, including primarily the United States into recession, brought the significance of corporate governance practices to the attention of companies, investors and all related parties.

IS Investment, whose "IS" emblem is a representative of the corporate approach in the financial sector where it operates, is aware that a solid strategy for good governance can be achieved through determining the management strategy, implementing effective risk management and internal control mechanisms, setting ethical rules, carrying out full public disclosure under the scope of the existing disclosure policy in a high quality fashion and transparency in the activities of the Board of Directors.

In accordance with the principles of Corporate Governance, IS Investment manages the rights and responsibilities to its shareholders, employees, clients and all related parties by utilizing the universal principles of accountability, equality, transparency and responsibility encompassed within the perspective of effective management and control.

Performing activities in accordance with the ethical values determined in parallel with the Turkish Commercial Code, Capital Markets Law and related legislation, IS Investment is in compliance with the Corporate Governance Principles and deems them as important as financial performance for providing long-term added value for its investors.

PART I - SHAREHOLDERS

2. Investor Relations Department

IS Investment demonstrated the emphasis it places on relationships with investors by establishing an Investor Relations Department prior to its IPO. This Department implements the necessary work to fulfill public disclosure requirements and for maintaining healthy relationships with shareholders and stakeholders.

The Investor Relations Department operates as the responsible body to the shareholders and all related parties for the execution of public disclosure in accordance with the capital markets regulations and the IS Investment Information Policy in particular and for the coordination of relations with the shareholders and stakeholders in general.

The Investors Relations Department bears the responsibility for the coordination of the IS Investment Information Policy, which was approved by the Board of Directors and disclosed to the public. The main activities of the Department are as listed below:

- Ensure the delivery of necessary information and explanations, which does not bear the quality of trade secrets, to the shareholders and stakeholders in a timely manner, accurately, comprehensibly, in full, easily and at the lowest cost possible access on equal terms and to ensure the accurate interpretation of the information provided.
- Ensure that all queries from the shareholders and stakeholders are replied to in the shortest time possible by engaging the necessary coordination and diligently preserving the confidentiality of trade secrets.
- Perform the disclosure liability of the Company regarding material events, which might have an impact upon the market capitalization of the capital market instruments traded in the stock exchange and/or might affect the investment preferences of investors.
- Monitor the preparation of the quarterly financial statements in compliance with the capital markets legislation and ensure the disclosure of the statements to the public within the legal deadlines.
- Maintain solid relationships with existing and potential investors.
- Monitor the holding of the General Meetings of Shareholders in compliance with the legislation in force, Articles of Association and the Corporate Governance Principles published by the Capital Markets Board and the accurate recording of the results of minutes of the meeting.
- Ensure the utilization of the Company's website in Turkish and English versions in the "Investor Relations" tab actively in public disclosures and the content regarding the public disclosures, informative presentations, corporate information and the information and the data stipulated by the Capital Markets Board Corporate Governance Principles to be updated regularly.
- Observe the Corporate Governance Principles declared by the Capital Markets Board while publishing public disclosures and informing the shareholders and stakeholders.
- Report the activities of the Investor Relations Department on semiannual and annual terms and when deemed necessary to the Board of Directors.

Since its inception, the Investor Relations Department has replied to the information requests transmitted either by phone calls, via e-mails or orally during investor visits within the scope of the IS Investment Information Policy, as well as having organized teleconferences for investors and attended meetings.

Investor Relations contact information, publicly disclosed on IS Investment's website, is provided below:

Corporate Governance Principles Compliance Report

Mert Erdoğmuş

Assistant General Manager

Level of Education: MA

Capital Markets Activity License Type: Advanced

Tel: +90 212-350 24 12

Fax: +90 212-350 20 01

E-Mail: merdogmus@isinvestment.com

Ozan Altan*

Vice President

Level of Education: MA

Capital Markets Activity License Type:

Advanced - Derivative Instruments - Corporate Governance Rating Specialist

Tel: +90 212-350 28 72

Fax: +90 212-350 28 73

E-Mail: oaltan@isinvestment.com

**In accordance with the Board of Director's decision dated March 16, 2009, it was disclosed that Ozan Altan was appointed as Head of the Investor Relations Department and also authorized to coordinate the corporate governance practices and the obligations of IS Investment arising from the capital markets legislation as of March 17, 2009.*

3. The Use of Shareholders' Rights to Obtain Information

During the year, the Investor Relations Department was asked about IS Investment's financial statements, market and share price performance, General Meeting, dividend distribution policy, decision for the transition to the registered capital system, overseas investments and subsidiaries in general.

Questions directed by investors were answered as quickly as possible and accurately, under the scope of the IS Investment Information Policy announced on the corporate website concurrent to the IPO. It was ensured that the disclosed information did not constitute any trade secret.

The electronic environment has been effectively utilized concerning developments that may impact the exercise of shareholders' rights. Material event statements submitted to the ISE via the E-Public Disclosure Platform (KAP) are also published the same day on IS Investment's website in both Turkish and English. Investor presentations and other changes in Company structure were also immediately updated on the website. Significant issues in these announcements are forwarded to leading media institutions as press releases.

In addition, information about IS Investment's stock performance is also published on the Company website to the attention of investors.

The right to request the appointment of a special auditor is not included as a personal right in the Company's Articles of Association, which stipulates that this right applies to shareholders representing at least 5% (five percent) of the Company capital as set forth in the Capital Markets Law.

There was no request for the appointment of a special auditor during the year.

4. Information on the General Meetings of Shareholders

IS Investment held its Ordinary General Meeting of Shareholders on April 27, 2009 and held an Extraordinary General Meeting of Shareholders and General Meeting of Privileged Group A Shareholders on January 18, 2010.

Ordinary General Meeting of Shareholders on April 27, 2009

The invitation for the Annual General Meeting of Shareholders held on April 27, 2009, was announced within the deadlines stipulated in the Corporate Governance Principles on April 6, 2009 on the KAP and Company's website, on April 7, 2009 in domestic editions of two newspapers, namely Dünya and Referans and on April 9, 2009 in Turkey's Trade Registry Gazette ed.nr.7288 and registered shareholders were notified of the date and agenda via posted letter.

Additionally, the above mentioned invitation and related notifications were also sent to our known foreign shareholders via e-mails.

The list of attendees revealed that out of the 119,387,000 shares representing TL 119,387,000 of the Company's capital, 84,189,173 shares in person and 8,018,704 shares by proxy at a total of TL 92,207,877 shares were represented at the meeting and thus, fulfilled the meeting quorum stipulated both in the related law and in the Articles of Association. There were no questions from the shareholders.

Extraordinary General Meeting of Shareholders and General Meeting of Privileged Group A Shareholders on January 18, 2010

The Extraordinary General Meeting of Shareholders was held at 11:00 am and the General Meeting of Privileged Group A Shareholders was held at 11:30 am on January 18, 2010 in order to amend articles 3, 6 and 8 of the Articles of Association to authorize the Board of Directors for the issuance of capital markets instruments, to enable the Company's transition to the registered capital system of TL 300 million and to empower the Board of Directors to assess the requirements regarding the usage of the pre-emptive rights of shareholders when the increase of paid-in capital occurs.

The meeting invitation was announced within the deadlines stipulated in the Corporate Governance Principles on December 29, 2009 on the KAP and Company's website, on December 30, 2009 in domestic editions of two newspapers, namely Dünya and Referans, and on December 31, 2009 in Turkey's Trade Registry Gazette ed.nr.7470 and registered shareholders were notified of the date and agenda via posted letter. Additionally, above mentioned invitation and notifications regarding the amendment of the articles were also sent to our known foreign shareholders via e-mails.

The list of attendees for the Extraordinary General Meeting of Shareholders revealed that out of the 119,387,000 shares representing TL 119,387,000 of the Company's capital, 81,285,173 shares in

person and 9,480,153 shares by proxy for a total of TL 90,765,326 shares were represented at the meeting and thus fulfilled the meeting quorum stipulated both in the related law and in the Articles of Association. There were no questions from the shareholders.

The list of attendees for the General Meeting of Privileged Group A Shareholders revealed that out of 150,000 shares representing TL 150,000 of the Company's privileged Group A capital, 150,000 shares in person at a total of TL 150,000 shares were represented at the meeting and thus fulfilled the meeting quorum stipulated both in the related law and in the Articles of Association.

The invitations, agendas, proxy samples, minutes of the General Meetings of Shareholders and the amendments to the Articles of the Association were published on the KAP's website. The information regarding the General Meeting of Shareholders was presented to the attention of shareholders and stakeholders on the Company's website both in Turkish and in English.

The Articles of Association do not include any provisions that significant decisions regarding the divisions, purchase, sale or lease of tangible/intangible assets in significant amounts and similar activities be taken by the AGM to enable decisions to be taken without delay in the rapidly changing conditions of the capital markets that are under the effects of increasing competition.

5. Voting Rights and Minority Rights

There are no voting rights privileges, however, Group A shareholders have privileges to designate candidates for the Board of Directors. Five members of the Board are nominated from among Group A shareholders, while two are nominated from among Group B shareholders.

There is no cross ownership associated with any company. Minority shareholders are not represented on the Board and there is no cumulative voting system.

6. Dividend Policy and Deadline for Dividend Distribution

Distribution of the first obligatory dividend of the distributable profit at the price and amount determined by the Capital Markets Board has been adopted as a principle of Article 16 in the Articles of Association; there is also stipulation concerning advance dividend distribution to shareholders written in the same article.

The Board of Directors aims to increase the Company's diversity of activity and services, as well as to provide a high profit of return for its shareholders. In accordance with the related legislation, the Board of Directors takes the following into consideration:

a) Maintaining a balance between the expectations of the shareholders and the growth policies of IS Investment,

b) The general profitability of the Company.

Based on these conditions, the Board of Directors has adopted a dividend policy whereby the dividend payment would not be less than 30% of the total distributable profit and would be distributed as cash and/or stock dividend.

If it is decided in the AGM to pay a dividend, efforts will be made to make payments as soon as possible and within the period specified in the related legislation.

There are no redeemed shares or privileged shares in terms of dividend distribution.

IS Investment's Dividend Policy was disclosed to shareholders in the first AGM held as a listed company on April 28, 2008. IS Investment's Dividend Policy has been publicly disclosed on the corporate website as well.

7. Transfer of Shares

The Articles of Association stipulate that there is no restriction on the transfer of shares in accordance with the conditions set forth in the capital markets legislation.

PART II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Information Policy

IS Investment's Information Policy has been approved by the Board of Directors and announced on the corporate website as of May 17, 2007 before the Company's shares began to be traded at the stock exchange. The Information Policy complies with the Capital Markets Board Communiqué Serial VIII, No: 54 on Principles Regarding Public Disclosure of Material Events, dated February 6, 2009.

At IS Investment, the Board of Directors bears the responsibility for the fulfillment of public disclosure and the monitoring, maintenance and development of the Information Policy. The Investor Relations Department and the Assistant General Manager responsible for this Department have been assigned the coordination of this Information Policy and they fulfill this task in close collaboration with the Board of Directors and the Audit Committee.

The IS Investment Information Policy was presented to the shareholders at the first Annual General Meeting of Shareholders after the IPO. It is included in the annual/quarterly reports. The Information Policy is also continuously available on the Company's Turkish and English websites (isyatirim.com.tr/isinvestment.com).

9. Material Event Statements

Material event statements, excluding information constituting trade secrets, are all significant activities for the Company and may impact on the value of Company shares and investors' investment decisions, and they must be submitted to the public via KAP and, when necessary, via CMB, utilizing the correct methods and within the time stipulated in the legislation in force. IS Investment fulfills this significant responsibility for public disclosure with the utmost fastidiousness. In 2009, 566 material event statements were submitted to the ISE on behalf of IS Investment and

Corporate Governance Principles Compliance Report

the ETFs established by IS Investment; IS Investment Dow Jones Turkey Equally Weighted 15 A Type Exchange Traded Fund and IS Investment iBoxx Turkey Benchmark Bond Exchange Traded Fund. No additional statement requests were made by the CMB or the ISE for the related statements.

The material event statements are also published at the Company's Turkish and English websites for the shareholders and stakeholders on the day of disclosure at KAP.

IS Investment shares are not listed on foreign stock markets.

10. The Company's Website and its Contents

IS Investment websites, available in both Turkish and English, can be found at www.isyatirim.com.tr and www.isinvestment.com respectively. Information on the following topics is provided for shareholders and stakeholders under the heading Investor Relations, as stipulated in the relevant section of the CMB Corporate Governance Principles;

- Vision Mission and Corporate Values
- Corporate Information
- Trade Registry Information
- Ownership Structure & Subsidiaries
- Articles of Association
- Board of Directors and Executives
- Organizational Structure
- Rating Reports
- Research Reports About IS Investment
- Press Releases
- Corporate Governance Principles Compliance Report
- Declaration of the Independent Member of the Board
- Policy on Struggle Against Laundering Proceeds of Crime and Terrorism Financing
- Dividend Policy
- Ethical Principles
- Risk Management
- Information Policy
- Investor Relations Contact Details
- Public Offering Circular
- Financial Statements and Independent Auditor Reports
- Investor Presentations - Voice Recordings
- Annual Reports
- Invitation to General Meeting of Shareholders
- Agenda of the General Meeting of Shareholders
- Power of Attorney
- Minutes of General Meeting of Shareholders
- List of Attendees
- Stock Performance
- Privileges Assigned to Shares
- Capital Increases
- Material Event Statements
- Contact Information

11. Disclosure of the Company's Ultimate Controlling Individual Shareholder(s)

IS Investment has no ultimate controlling individual shareholder(s). The ownership structure of IS Investment is published on the website for shareholders and stakeholders.

12. Disclosure on Insiders

All manipulation of previously undisclosed public information that may affect the value of capital market instruments, for deriving personal benefit or benefit for third parties or for making up for losses, in a way as to disrupt the equality of opportunity in capital markets are deemed insider trading.

The procedures regarding the act of insider trading and the preservation of confidentiality of trade secrets are set forth in the IS Investment Internal Corporate Codes and announced to employees. Accordingly, IS Investment employees may not disclose any information obtained about individuals, institutions and customers due to their titles and duties, or to any party other than authorities clearly expressed by law. In addition, IS Investment employees and their relatives may not engage in the purchase or selling of shares.

The List of People Who Have Access to Trade Secrets was prepared at IS Investment as of May 1, 2009 and is ready to be sent on request to the Capital Markets Board and to the related Exchange in accordance with the capital markets legislation.

PART III - STAKEHOLDERS

13. Informing Stakeholders

IS Investment ensures that its employees, investors, analysts and media institutions are kept informed accurately and within the shortest possible time about material events.

Material event statements announced via KAP concerning important developments about IS Investment are published to the attention of stakeholders on the corporate website on the same day they are submitted, in both Turkish and English. In addition, press releases are forwarded to media institutions concerning material event statements that may stir public attention.

14. Stakeholders' Participation in the Company Management

Stakeholders may ask the Board of Directors to convene upon application to the Chairman; the Chairman may open the issue for discussion at the next Board meeting if the Chairman concludes that it is not necessary to convene immediately, as stipulated in the Articles of Association of the Company. There were no requests to the Board of Directors as to this end during the year.

IS Investment's employees, who hold a very special place among stakeholders, are provided with the opportunity to deliver their opinions and suggestions concerning

Company management through both the Human Resources Manager and their own managers, in addition to the above-mentioned right.

15. Company Policy on Human Resources

The IS Investment Human Resources Policy is prepared and disclosed to the public via the corporate website and annual reports.

The commitment to the code of ethics, continuous development and a customer-oriented approach are the values embraced in the IS Investment Human Resources Policy. The principle to provide equal opportunities to candidates equally is adopted as a recruitment policy and in career planning. Promotion brings about an increase in responsibility and salary. It is essential to have the necessary knowledge and experience required in the job description in order to be promoted to a higher position. The most important criterion in promotions is the performance of the employees.

IS Investment's main training policy is to provide equal opportunity and to contribute to the professional and personal development of its employees.

Job descriptions, performance and remuneration criteria for employees are determined by the Company and shared with the employees. IS Investment's performance management system is an integrated system in which both goals and competencies are assessed. Performance review is based on objective analysis and synthesis, designed to determine the extent to which employees meet job requirements, as well as their success on the job.

Measures are taken to prevent any discrimination based on religion, language, race and gender; to show respect for human rights and to protect employees against any physical, psychological and emotional maltreatment in the Company. No complaints concerning these subjects have been received.

A representative has not been appointed to manage relations with the employees in accordance with the stipulations in Article 14.

16. Information on Relations with Customers and Suppliers

IS Investment utilizes a customer-oriented investment banking approach and provides capital market services to its clients in line with its ethical values. Concurrent with these aims, the Company strives to identify client needs by analyzing changing market conditions and increasing demands by investors along with the development of products and services able to fulfill these needs.

The relations with the clients are conducted via the investment advisors and the aim of the investment advisors is to ensure the customers' assets are invested in the most appropriate capital market instruments in accordance with the risk-return expectations of the customers. In this regard, Customer Satisfaction Surveys were conducted at various times by the Company in order to assess and improve the Company's service quality. The final assessments of the surveys were presented to the Board of Directors.

IS Investment has no suppliers due to the nature of its activities.

17. Social Responsibility

IS Investment is an important player in the Turkish capital markets with the level of employment provided by its founder and main shareholder, Isbank and its subsidiaries. This has grown out of an awareness of its social responsibilities - one of its core management principles.

In addition to IS Investment's contributions to the Turkish economy, it also provides support to society in a variety of social fields with its approach to employees and the support given to NGOs.

The activities of IS Investment have no contradiction to the environmental legislations and the Company has not faced any legal enforcement in this regard.

PART IV - THE BOARD OF DIRECTORS

18. Structure and Formation of the Board of Directors and Independent Members

Board of Directors*

Özcan Türkakın
Chairman

Güzide Meltem Kökden
Vice Chairman

Emre Duranlı
Member

Turan Gökçen Bali
Member - Independent

İzlem Erdem
Member

Serpil Kılıboz
Member

Ebru Özşuca
Member

*Members of the Board do not have an executive role at IS Investment.

Executives

İlhami Koç
General Manager

Murat Kural
Assistant General Manager

Ufuk Ümit Onbaşı
Assistant General Manager

Ertuğ Yıldırımcan
Assistant General Manager

Mert Erdoğmuş
Assistant General Manager

Funda Çağlan Mursaloğlu
Assistant General Manager

It is stipulated in the Articles of Association that the General Manager cannot concurrently serve as Chairman of the Board of Directors.

The qualifications of independent Board members are set forth in the CMB Corporate Governance Principles. In line with its status in capital markets,

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IS Investment is of the opinion that independent member/members possessing the above-mentioned qualifications and the capacity to make significant contributions to the Company should hold a seat on the Board of Directors. Turan Gökçen Bali has been assigned as the Independent Board member for the second time by the AGM held on April 27, 2009 until the date of the next AGM. The Independence Declaration from the independent Board member has been disclosed to the public on IS Investment's website and in the Annual/Quarterly reports.

The conditions by which Board members may undertake duties outside IS Investment are prescribed by the general rules. However, it has been set forth in the Articles of Association that Board members will not obtain permission from the AGM for trading with IS Investment nor be exempt from prohibition of competition.

Independence Declaration

To the Board of Directors of IS Investment

I hereby declare to the Board of Directors, shareholders and stakeholders that I fulfill the below mentioned requirements due to be elected to the Board of Directors as an Independent Member for the second time at the Annual General Meeting, which was held on April 27, 2009 and take into consideration the Corporate Governance Principles of CMB;

• I do not have any direct or indirect relationship of interest in terms of employment, capital or trade and commerce between IS Investment, its subsidiaries, affiliates or any other group company and myself, my spouse and my blood or affinity relatives up to the third degree within the last two years,

• I was not previously elected to the Board of Directors as a representative of a certain group of shareholders,

• I was not employed in a company, primarily for the audit and consultant firm, which undertakes full or partial activity or organization of the Company under a contract and did not have a managing position therein within the last two years,

• I was not previously employed by the external auditor of the Company, nor was I included in the external audit process within the last two years,

• I was not previously employed by a firm providing significant amounts of services and products to the Company and did not have a managing position therein within the last two years,

• My spouse or any her relatives by blood and affinity up to the third degree, did not have a managing position nor were they shareholders holding more than 5% of the total capital or a controlling shareholder by all means and did not hold a managerial position or was not effective in the control of the Company,

• I do not receive any compensation other than the Board membership compensation.

Sincerely,

PhD. Dr. Turan Gökçen Bali

19. The Qualifications of Board Members

All Board members are university graduates and managers experienced in their fields. In this respect, qualifications for the IS Investment Board of Directors complies with the specifications listed under the relevant articles of the CMB Corporate Governance Principles.

The Articles of Association also embody the condition that more than half of the Board members must hold a university degree.

20. Vision, Mission and Corporate Values and Strategic Goals of the Company

The Vision, Mission and Corporate Values of IS Investment are approved by the Board of Directors and disclosed on the corporate website.

Vision;

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

Mission;

• To offer all investment banking services under a single entity.

• To produce high-quality information, establish information based strategies and create value.

• To be innovative in product and service development.

• To pioneer the development of capital markets.

• To follow technologic developments and apply them to activities.

• To ensure customer satisfaction.

• To increase the value created for shareholders.

Corporate Values;

Customer Oriented: To be close to our customers; to accurately perform the risk-return analysis conforming their expectations; to offer services of required and desired quality in order to increase our customers' assets in parallel to this analysis.

Market Centric: To create the highest added value possible for our investors and our corporation based on developments by continually and closely following the domestic and international capital markets.

Dynamism and Innovation: To search for the best and newest through our efficient human resources specialized in their domain, in the most conforming way to market conditions, by respecting our corporate policies and with an endless energy in order to continuously develop our values, services and products.

Confidentiality: To respect confidentiality principles related to the matters of clients' identity, transactions and trade secrets that may affect our stock value within the context of laws, our corporate policies and ethical values.

Reputation: To continue to be the representative of the confidence and the successful atmosphere generated by the brand name "İş" that we proudly represent in capital markets.

Esteem the Employees: To ensure continuous training and development of our expert staff that we recruit in consideration of our corporate values and the corporate social responsibility concept; to exert a human resources policy granting equal rights under equal conditions by not applying any religious, linguistic and ethical discrimination, within the context of comfortable, secure and specific career plans.

Team Work: To bring the productivity to the highest possible level by creating a synergy combining the division of labor and cooperation, efficient sharing and solidarity.

Respect to Laws, Corporate Governance Principles and Ethical Values: To ensure the best international practice in the domain of corporate governance principles in order to sustain our success in markets and financial performance by respecting the laws and our ethical values through transparent management, efficient risk management and internal mechanisms.

Perfectionism: To be conscious that one can be even better if he always endeavors to be perfect.

Objectivity and Impartiality: To ensure conduction of relations with clients without causing any conflict of interest during the performance of capital market activities, informing our shareholders in an accurate, complete and timely manner, making objective commentaries on markets.

Social Responsibility: To spend maximum effort in order that our employees, the environment and other internal and external entities get maximum benefit while trying to meet our objectives of growth and making a profit.

Strategic goals related to IS Investment activities are prepared and presented to the Board of Directors in a report authored by the executives. In this report, in addition to macroeconomic evaluations, information and expectations related to domestic and international markets are shared. Strategic goals are determined in accordance with this information and the Board of Directors approves expectations after reviewing the performance of the previous period.

21. Risk Management and Internal Control Mechanisms

Effective risk management is fundamental to success in the financial services sector since requirements of shareholders, regulators and the customers are continuously increasing. On the other hand, in a challenging and changing risk management environment, the level of effective risk management activities is constantly being raised. Risk measurement and management activities are integrated in IS Investment's core business activities; as a result, the Risk Management unit, which operates separately within the whole organization, was restructured in 2006 as a department.

In the course of managing its business operations, IS Investment might be exposed to a variety of risk. Proactive control and management activities are basically achieved in relation to market, credit, liquidity and operational risk categories.

An effective internal audit system, covering internal control and audit activities has been established. The organizational plan applied at IS Investment and all the relevant rules and procedures undertaken in transactions at IS Investment, including non-central organizations, are done so regularly, efficiently and effectively in accordance with the current internal and legal regulations. In addition, this system has been established to maintain the integrity and reliability of accounting and recording, to provide timely and correct access to information in the data system and to detect and prevent mistakes, forgeries and unlawful practices.

An audit system has been created covering all activities and units at IS Investment, primarily within the internal control system, which enables evaluation of these fields and includes the systematic auditing process where findings and evidence are obtained as a result of reporting and reviewing. The audits are performed by inspectors in conformity with the regulations and policies and are independent of IS Investment's daily activities, in accordance with the needs of management.

The Compliance Department in particular and all units in general, show the utmost care in protecting the Company's reputation and with regard to liabilities arising from legislation, compliance to corporate principles, customer satisfaction, reputation and credibility.

22. Authorities and Responsibilities of Board Members and Executives

The Board of Directors bears the responsibility to represent IS Investment as set forth in the Articles of Association. The Board of Directors may transfer its management and representation-related duties and authorities, in part or in full, to delegated Board members and managers who are not obliged to be shareholders, in accordance with the Turkish Commercial Code.

The Board of Directors fulfills activities under the scope of the Turkish Commercial Code, Capital Markets Law and related legislation.

23. Operating Principles of the Board of Directors

At IS Investment, the Board of Directors convenes at least once a month. The Board of Directors may meet more frequently when it is deemed necessary. The meeting's agenda is determined by the General Manager and with the knowledge of the Chairman; the Chairman or the Vice Chairman announces the meeting by invitation.

As noted earlier, stakeholder(s) representing a minimum of five percent of IS Investment capital and stakeholders, defined in the Capital Markets Board Corporate Governance Principles may invite the Board of Directors to convene by applying to the Chairman.

An Assistant General Manager has been appointed to the position of Reporter to notify Board members and establish communication.

Board members do not have weighted voting rights and/or the right to veto during a meeting.

Corporate Governance Principles Compliance Report

24. Prohibition of Carrying out Transactions with the Company and Prohibition of Competing with the Company

Board members will not receive permission from the AGM to carry out trade with IS Investment; nor will they receive exemption from the prohibition of competition as stated in the Articles of Association, in accordance with Articles 334 and 335 of the Turkish Commercial Code.

25. Ethical Rules

The Board of Directors formulated a code of ethics in parallel with the regulations of the Association of Capital Market Intermediary Institutions of Turkey with the aim of increasing social and economic benefits, preserving the dignity of the brokerage vocation and preventing unfair competition in addition to legal and administrative regulations. The employees of IS Investment have been notified of the code of ethics in written format.

The code of ethics of IS Investment has also been publicly disclosed on the corporate website in accordance with IS Investment's Information Policy.

26. Numbers, Structures and Independency of Committees Established by the Board of Directors

It has been set forth in the Articles of Association that in order to fulfill its duties and responsibilities beneficially, the Board of Directors may set up committees and departments required by legislation and approved by the Board. The Board of Directors will observe Corporate Governance Principles disclosed by the CMB to set up these committees and departments.

In this respect, an Audit Committee and a Credit Committee was established within IS Investment's Board of Directors. The Audit Committee is composed of Chairman Özcan Türkakın, Güzide Meltem Kökden and Emre Duranlı.

This Committee convenes at least four times a year on the condition that the time between two meetings shall not exceed three months. The committee determines the results of executed activities, precautions that should be taken in the Company, other necessary implementations and other issues vital to maintaining IS Investment's activities securely and reports these results to the Board of Directors. The reporter for the Board of Directors is responsible for following up the activities of the Committee.

The Credit Committee, which is structured under the leadership of a responsible Board Member appointed by Board decision, convenes when necessary.

27. Remuneration of the Board of Directors

Monthly salaries and attendance fees for Board members are determined by the AGM, as stated in the Articles of Association. It was in the Annual General Meeting of Shareholders held on April 27, 2009 that the salary of Board members was determined as gross TL 5,000 per month. The minutes of the AGM were disclosed to the public through material disclosure as well as on the Company's website. A performance-based remuneration system is not implemented for determining the financial rights of Board Members.

At IS Investment, Board Members and executives do not engage in transactions with the Company such as lending money, extending credit or providing guarantees.

İŞ YATIRIM MENKUL DEĞERLER A.Ş.
AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2009

(Translated into English from the Orginal Turkish Report)

Deloitte.

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CONVENIENCE TRANSLATION OF
REPORT AND FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

1. We have audited the accompanying consolidated financial statements of İş Yatırım Menkul Değerler A.Ş. (the "Company") and its subsidiaries (together the "Group") comprising the consolidated balance sheet as of 31 December 2009 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards published by the Capital Markets Board. 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards published by the Capital Markets Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

4. 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 Group'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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Group management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of İş Yatırım Menkul Değerler A.Ş. and its subsidiaries as of 31 December 2009 and their financial performance and their cash flows for the year then ended in accordance with the financial reporting standards published by the Capital Markets Board.

Istanbul, 31 March 2010

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU**

Saim Üstündağ
Partner

İŞ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED BALANCE SHEET
AS OF 31 DECEMBER 2009
(Amounts are expressed in Turkish Lira ["TL"] unless otherwise indicated.)

ASSETS	Note	Current Period 31 December 2009	Previous Period 31 December 2008
Current Assets		2.388.299.822	1.428.562.970
Cash and cash equivalents	6	1.371.825.099	933.049.887
Financial investments	7	394.408.529	244.014.821
Trade receivables	10	592.068.881	237.559.859
Other receivables	11	22.691.429	2.140.267
Other current assets	26	7.305.884	11.798.136
Non-current Assets		66.219.632	54.276.423
Trade receivables	10	-	-
Other receivables	11	-	-
Financial investments	7	18.208.365	9.619.819
Investments accounted for under equity method	16	37.214.660	35.802.580
Tangible fixed assets	18	8.150.043	5.578.973
Intangible fixed assets	19	1.527.344	1.301.180
Goodwill	20	-	-
Deferred tax assets	35	1.119.220	1.604.365
Other non-current assets	26	-	369.506
TOTAL ASSETS		2.454.519.454	1.482.839.393

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

İŞ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED BALANCE SHEET
AS OF 31 DECEMBER 2009

(Amounts are expressed in Turkish Lira ["TL"] unless otherwise indicated.)

LIABILITIES	Note	Current Period 31 December 2009	Previous Period 31 December 2008
Current Liabilities		1.937.221.474	1.071.643.840
Financial liabilities	8	1.322.793.993	889.267.721
Other financial liabilities	9	2.557.944	2.921.747
Trade payables	10	597.624.644	166.592.286
Other payables	11	5.434.866	6.638.376
Current tax payable	35	1.434.617	644.443
Provisions	22	529.306	386.136
Provisions related to employee benefits	24	3.527.260	3.333.735
Other current liabilities	26	3.318.844	1.859.396
Non-current Liabilities		1.690.178	1.265.522
Financial liabilities	8	-	-
Other financial liabilities	9	-	-
Trade payables	10	-	-
Other payables	11	-	-
Provisions	22	-	-
Provisions related to employee benefits	24	1.690.178	1.265.522
Deferred tax liabilities	35	-	-
Other non-current liabilities	26	-	-
EQUITY		515.607.802	409.930.031
Shareholders' Equity		334.180.287	272.688.675
Paid-in capital	27	119.387.000	119.387.000
Inflation adjustment to share capital		16.394	16.394
Premium in excess of par		40.656.600	40.656.600
Valuation funds	27	2.909.805	(2.732.493)
Currency translation reserve		(246.807)	(253.595)
Restricted reserves appropriated from profits	27	10.784.730	7.860.998
Retained earnings	27	92.174.105	63.048.170
Net profit/(loss) for the period		68.498.460	44.705.601
Minority Interest		181.427.515	137.241.356
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2.454.519.454	1.482.839.393

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

İŞ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009
(Amounts are expressed in Turkish Lira ["TL"] unless otherwise indicated.)

	Note	Current Period 1 January - 31 December 2009	Previous Period 1 January - 31 December 2008
CONTINUED OPERATIONS			
Sales revenue	28	24.445.660.762	33.334.235.707
Cost of sales (-)	28	(24.411.623.147)	(33.346.230.438)
Interest and derivative income / (expenses) from operating activities (net)	28	74.896.431	46.347.728
Income from services (net)	28	82.752.379	56.903.444
Other operating income / (expenses) (net)	28	10.255.845	12.099.781
GROSS PROFIT / (LOSS)		201.942.270	103.356.222
Marketing, sales and distribution expenses (-)	29-30	(14.575.595)	(23.223.922)
General administrative expenses (-)	29-30	(76.748.818)	(67.236.579)
Research and development expenses (-)	29-30	-	-
Other operating income	31	1.836.927	13.879.446
Other operating expenses (-)	31	(4.240.362)	(5.935.092)
OPERATING PROFIT / (LOSS)		108.214.422	20.840.075
Share in net profit / (loss) of investments accounted for under equity method	16	2.384.040	4.363.903
(Non-operating) Finance income	32	20.096.170	29.768.283
(Non-operating) Finance expenses (-)	33	(3.545.309)	(2.111.760)
PROFIT / (LOSS) BEFORE TAXATION FROM CONTINUED OPERATIONS		127.149.323	52.860.501
Tax benefit / (charge) from continued operations		(13.220.354)	(10.964.871)
- Current tax benefit / (charge)	35	(13.055.587)	(11.123.326)
- Deferred tax benefit / (charge)	35	(164.767)	158.455
PROFIT / (LOSS) FOR THE PERIOD FROM CONTINUED OPERATIONS		113.928.969	41.895.630
PROFIT / (LOSS) FOR THE PERIOD		113.928.969	41.895.630
Attributable to			
Minority interest		45.430.509	(2.809.971)
Equity holders of the parent		68.498.460	44.705.601
		113.928.969	41.895.630
Earnings / (loss) per share from operating activities	36	0,5738	0,3745

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

İŞ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

(Amounts are expressed in Turkish Lira ["TL"] unless otherwise indicated.)

	Note	Current Period 1 January- 31 December 2009	Previous Period 1 January- 31 December 2008
PROFIT/(LOSS) FOR THE PERIOD		113.928.969	41.895.630
Change in the fair value of available for sale financial assets	7	6.407.553	(6.914.276)
Tax benefit/(charge) of other comprehensive income	35	(320.378)	345.714
Change in currency translation reserve		6.788	(16.892)
OTHER COMPREHENSIVE INCOME (AFTER TAX)		6.093.963	(6.585.454)
TOTAL COMPREHENSIVE INCOME		120.022.932	35.310.176
Attributable to			
Minority interest		45.875.386	(3.282.948)
Equity holders of the parent		74.147.546	38.593.124
		120.022.932	35.310.176
Earnings/(loss) per share	36	0,6211	0,3233

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

İŞ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

(Amounts are expressed in Turkish Lira ["TL"] unless otherwise indicated.)

	Paid-in Capital	Premium in Excess of Par	Valuation Fund	Inflation Adjustment to Share Capital	Restricted Reserves Appropriated from Profits	Currency Translation Reserve	Net Profit/(Loss) for the Period	Retained Earnings	Total Equity Attributable to Equity Holders of the Parent	Minority Interest	Total
Balances as of 1 January 2009	119.387.000	40.656.600	(2.732.493)	16.394	7.860.998	(253.595)	44.705.601	63.048.170	272.688.675	137.241.356	409.930.031
Effect of the business combinations in entities under common control (acquisition of subsidiary)	-	-	-	-	-	-	-	282.759	282.759	(1.297.890)	(1.015.131)
Comprehensive income/(loss) for the period	-	-	5.642.298	-	-	6.788	68.498.460	-	74.147.546	45.875.386	120.022.932
Transfers to retained earnings	-	-	-	-	-	-	(44.705.601)	44.705.601	-	-	-
Transfers to reserves	-	-	-	-	2.923.732	-	-	(2.923.732)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(12.938.693)	(12.938.693)	(391.337)	(13.330.030)
Balances as of 31 December 2009	119.387.000	40.656.600	2.909.805	16.394	10.784.730	(246.807)	68.498.460	92.174.105	334.180.287	181.427.515	515.607.802

	Paid-in Capital	Premium in Excess of Par	Valuation Fund	Inflation Adjustment to Share Capital	Restricted Reserves Appropriated from Profits	Currency Translation Reserve	Net Profit/(Loss) for the Period	Retained Earnings	Total Equity Attributable to Equity Holders of the Parent	Minority Interest	Total
Balances as of 1 January 2008	119.387.000	40.656.600	3.363.092	16.394	4.059.152	(236.703)	38.383.852	37.966.164	243.595.551	162.710.607	406.306.158
Effect of the business combinations in entities under common control (acquisition of subsidiary)	-	-	-	-	-	-	-	-	-	(9.887.470)	(9.887.470)
Gains on sale of properties and equity participations to be transferred to capital	-	-	-	-	864.102	-	-	(864.102)	-	-	-
Comprehensive income/(loss) for the period	-	-	(6.095.585)	-	-	(16.892)	44.705.601	-	38.593.124	(3.282.948)	35.310.176
Transfers to retained earnings	-	-	-	-	-	-	(38.383.852)	38.383.852	-	-	-
Transfers to reserves	-	-	-	-	2.937.744	-	-	(2.937.744)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(9.500.000)	(9.500.000)	(12.298.833)	(21.798.833)
Balances as of 31 December 2008	119.387.000	40.656.600	(2.732.493)	16.394	7.860.998	(253.595)	44.705.601	63.048.170	272.688.675	137.241.356	409.930.031

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

İŞ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009

(Amounts are expressed in Turkish Lira ["TL"] unless otherwise indicated.)

STATEMENT OF CASH FLOWS

Cash flows from operating activities	Note	Current Period 1 January- 31 December 2009	Previous Period 1 January- 31 December 2008
Net profit/(loss) for the period		**113.928.969**	**41.895.630**
-Tax charge	35	13.220.354	10.964.871
-Interest accruals on the financial liabilities	8	(299.380)	(7.132.908)
-Interest and foreign exchange accruals on cash and cash equivalents	6	(349.742)	3.784.913
-Other expense accruals	22	3.492.744	69.811
-Gain/(losses) on sales of tangible fixed assets	31	(6.378)	(17.086)
-Accruals on financial investments		(38.860.299)	(7.316.521)
-Negative goodwill recognized as income		-	(11.781.149)
-Accrued expenses/(income) on derivate transactions	7-9	(2.185.283)	1.315.555
-Provisions related to employee benefits (retirement pay provision)	24	522.690	328.036
-Provisions related to employee benefits (other)	24	193.525	(2.745)
-Dividend income		(5.366.380)	(3.897.564)
-(Income)/losses from investments accounted for under equity method	16	(2.384.040)	(4.363.903)
-Depreciation of tangible fixed assets	18	1.777.713	1.312.075
-Amortization of intangible fixed assets	19	491.184	275.174
		84.175.677	**25.434.189**
(Increase)/decrease in trade receivables	10	(354.509.022)	(13.293.214)
(Increase)/decrease in other receivables and current assets		(9.767.365)	171.129
Increase/(decrease) in trade payables	10	431.032.358	(15.946.616)
Increase/(decrease) in other payables and other current liabilities		(3.035.431)	(108.597)
Increase/(decrease) in provisions		(58.206)	(339.044)
Change in working capital		**147.838.011**	**(4.082.153)**
Taxes paid		(18.187.453)	(20.724.434)
Employee benefits paid	24	(98.034)	(76.246)
Net cash provided from/(used in) operating activities		**129.552.524**	**(24.882.833)**
Cash flows from investing activities			
Change in financial investments (net)		(114.130.804)	41.694.702
Dividends received from equity investments		700.385	366.417
Dividends received from investments accounted for under equity method		977.528	851.794
Dividends received from other security investments		4.665.995	3.531.147
Acquisitions of tangible fixed assets	18	(4.336.582)	(2.500.190)
Acquisitions of intangible fixed assets	19	(693.058)	(612.281)
Changes in currency translation reserve		(56.326)	52.746
Proceeds on sale of tangible fixed assets		27.434	39.664
Acquisitions of subsidiary shares	3	(1.015.131)	-
Net cash (used in)/provided from investing activities		**(113.860.559)**	**43.423.999**
Cash flows from financing activities			
New financial liabilities raised	8	1.317.705.652	883.880.000
Repayment of financial liabilities	8	(883.880.000)	(623.336.021)
Change in other financial liabilities		2.237.883	(1.369.320)
Dividends paid			
-to equity holders of the parent		(12.938.693)	(9.500.000)
-to minority interest		(391.337)	(12.298.833)
Net cash provided from financing activities		**422.733.505**	**237.375.826**
Net change in cash and cash equivalents		438.425.470	255.916.992
Cash and cash equivalents at the beginning of period		926.079.539	670.162.547
Cash and cash equivalents at the end of period	6	**1.364.505.009**	**926.079.539**

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1. ORGANIZATION AND OPERATIONS OF THE GROUP

The purpose of İş Yatırım Menkul Değerler A.Ş. ("the Company") is to perform capital market activities in accordance with its Articles of Association and Capital Markets Law number 2499 as amended by Law number 3794. In this respect, the Company obtained the establishment permission through the Capital Markets Board's (the "CMB") meeting No: 51/1515 on 5 December 1996.

The Company is located in Turkey and its contact information is stated below:

İş Kuleleri Kule-2 Kat 12, 4. Levent 34330 Beşiktaş/Istanbul/Turkey
Telephone: + 90 (212) 350 20 00
Fax: + 90 (212) 350 20 01
http://www.isyatirim.com.tr

The Company is a Türkiye İş Bankası A.Ş. Group entity and Türkiye İş Bankası A.Ş. is the main shareholder with 65,65% shareholding. The equity shares of the Company are traded on the stock exchange.

As of the balance sheet date, the Company's personnel number is 348 (31 December 2008: 318).

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

Camiş Menkul Değerler A.Ş:

The purpose of this subsidiary is to perform capital market activities in accordance with its Articles of Association and Capital Markets Law and the related regulation. In this respect, the subsidiary is operating as a securities brokerage house in the capital market activities and established in 1984.

İş Yatırım Ortaklığı A.Ş:

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

İş Portföy Yönetimi A.Ş:

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

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş:

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

Maxis Securities Ltd:

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

The details of the Group's subsidiaries and affiliates included in consolidation are as follows:

	Place of incorporation	Ownership	Business activity
Camiş Menkul Değerler A.Ş.	Istanbul	99,79%	Securities brokerage
İş Yatırım Ortaklığı A.Ş.	Istanbul	29,73%	Investment trust
Maxis Securities Ltd.	London	100,00%	Securities brokerage
İş Portföy Yönetimi A.Ş.	Istanbul	70,00%	Portfolio management
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Istanbul	29,00%	Private equity

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Dividends Distributable:

The Board of Directors has not decided on any proposal related to dividend distribution to the shareholders. Since dividend distribution is subject to approval of the General Assembly, any liability regarding to dividends distributable has not been recognized in the accompanying consolidated financial statements. The information regarding resources subject to profit distribution is disclosed in Note 27.

Approval of Financial Statements:

The financial statements have been approved by the Board of Directors and are authorized for issuance on 31 March 2010. The General Assembly has the authority to amend financial statements.

2. BASIS OF THE FINANCIAL STATEMENTS

2.1. Basis of Presentation

Preparation of Financial Statements and Accounting Standards:

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

The Capital Markets Board ("CMB") Communiqué Serial: XI, No: 29 "Communiqué on Financial Reporting Standards in Capital Markets" ("Communiqué Serial: XI, No: 29") provides principles and standards on the preparation and presentation of financial statements. The Communiqué is applicable commencing from the first interim financial statements prepared subsequent to 1 January 2008, and Communiqué Serial: XI, No: 25 "Communiqué on Capital Market Accounting Standards" ("Communiqué Serial: XI, No: 25") is annulled with this communiqué. As per this communiqué, the financial statements should be prepared in accordance with the International Financial Reporting Standards ("IAS/IFRS") as endorsed by the European Union ("EU"). However companies will apply IASs/IFRSs until the differences between the standards accepted by the European Union and the standards issued by International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"). In this respect, Turkish Accounting/Financial Reporting Standards issued by TASB that are not controversial to the adopted standards shall be taken as a basis in the application.

As the differences between the International Financial Reporting Standards ("IAS/IFRS") as endorsed by the European Union and the Turkish Accounting/Financial Reporting Standards ("TAS/TFRS") have not been declared as of the date of this report, the accompanying financial statements and notes are prepared in accordance with IAS/IFRS as declared in the Communiqué Serial: XI, No: 29 with the required formats announced by the CMB on 14 April 2008 and 9 January 2009.

Presentation and Functional Currency:

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

Preparation of Financial Statements in Hyperinflationary Periods:

Based on the CMB decision numbered 11/367 dated 17 March 2005, for the companies operating in Turkey and preparing financial statements in accordance with CMB Accounting Standards (including companies adopting IAS/IFRS), the inflation accounting application has been ceased beginning from 1 January 2005. Within this context, IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by IASB has not been applied beginning from 1 January 2005.

Assumption of Going Concern:

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

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Consolidation:

The details of the Group's subsidiaries and affiliates as of 31 December 2009 and 31 December 2008 are as follows:

Subsidiaries	Place of incorporation	Ownership as of 31 December 2009	Ownership as of 31 December 2008	Business activity
Camiş Menkul Değerler A.Ş.	Istanbul	99,79%	99,79%	Securities brokerage
İş Yatırım Ortaklığı A.Ş. (*)	Istanbul	29,73%	29,12%	Investment trusts
Maxis Securities Ltd.	London	100,00%	100,00%	Securities brokerage
İş Portföy Yönetimi A.Ş.	Istanbul	70,00%	70,00%	Portfolio management

(*) This company is fully consolidated since the parent has the power to exercise control over the financial and operating policy decisions of the investee.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled or jointly controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of the consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make further investments to cover the losses.

Affiliates:

An affiliate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not a control or joint control over those policies. The details of the Group's affiliates as of 31 December 2009 and 31 December 2008 are as follows:

Affiliates	Place of incorporation	Ownership as of 31 December 2009	Ownership as of 31 December 2008	Business activity
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Istanbul	29,00%	29,00%	Private equity

The results of operations, assets and liabilities of affiliates, except for the disposal groups that are classified as held for sale in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", are incorporated in the accompanying financial statements using the equity method of accounting. Under the equity method, affiliates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share in the net assets of the affiliate, less any impairment in the value of individual investments. Losses of an affiliate in excess of the Group's interest in that affiliate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the affiliate recognized at the date of acquisition is recognized as goodwill. Goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

Where a group entity transacts with an affiliate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant affiliate.

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2.2. Changes in the Accounting Policies

The changes made in the accounting policies are applied retrospectively and the prior year financial statements are restated.

2.3. Changes in the Accounting Estimates and Errors

If the application of changes in the accounting estimates affects the financial results of a specific period, the accounting estimate change is applied in that specific period, if they affect the financial results of current and following periods; the accounting policy estimate is applied prospectively in the period in which such change is made. The Group did not have any major changes in the accounting estimates during the current period.

Significant accounting errors that are detected in the current period are applied retrospectively and prior year financial statements are restated accordingly.

2.4. Adoption of New and Revised International Financial Reporting Standards

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported and disclosures in these financial statements. Details of other standards and interpretations adopted in these financial statements but that have had no impact on the financial statements are set out in the following paragraphs of this section.

Standards affecting presentation and disclosures in 2009 financial statements

- IAS 1 (as revised in 2007), "Presentation of Financial Statements"

IAS 1 (2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. The Group presents in the consolidated statement changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

- IFRS 7 (Amendment), "Financial Instruments: Disclosures"

The amendments published in March 2009 are applicable for the Group beginning from 1 January 2009. The amendments require enhanced disclosures about fair value measurements and liquidity risk. The amendment requires additional disclosures for any change in the method for determining fair value and the reasons for the change. Besides, it is required to establish a three-level hierarchy for making fair value measurements. It is also required to give additional disclosures regarding any change in the method for determining fair value and transfers between levels. For the fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, reconciliation from the beginning balances to the ending balances should be presented. If changing one or more of the inputs based on unobservable data would change fair value significantly, the entity shall state that fact and disclose the effect of those changes through sensitivity analysis.

Additionally, for non-derivative financial liabilities including issued financial guarantee contracts, the maturity analysis is required. It is also required to give separate maturity analysis for derivative financial liabilities.

The Group has applied the relevant amendments in 2009 and given information about the fair value levels in Note 39. In the current year, the Group has not made any material transfers among three level inputs used for fair value measurement.

- IFRS 8, "Operating Segments"

IFRS 8 "Operating Segments" supersedes IAS 14 "Segment Reporting". The standard specifies how an entity should report information about its operating segments based on the segment criteria used in internal reporting which are prepared by the management.

The Group applied the amendments about IFRS 8 in 2009 and operating segments are given in Note 5. The Group has determined operating segments in line with internal reports that are regularly reviewed by the entity's chief operating decision makers. Since the Group predominantly operates in Turkey and only in marketable securities sector, segment information in the accompanying financial statements are configured according to structure of the Group's operating entities as securities brokerage, investment trust and portfolio management. Since the Group's geographical operations outside of Turkey are not identified as a reportable geographical segment in the context of materiality of the consolidated financial statements and are not presented in the accompanying consolidated financial statements.

The adoption of IFRS 8 has no material impact on the reported results and the financial position of the Group.

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- IAS 23 (Revised), "Borrowing Costs"

The Group has adopted the revised standard IAS 23 on borrowing costs starting 1 January 2009. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of that asset. In prior years, the Group had expensed the related borrowing costs in the statement of income in the year that the costs were incurred. The adoption of IAS 23 (Revised) was applied on a prospective basis with no restatement of prior period amounts.

Standards and Interpretations those are effective in 2009 with no impact on the 2009 financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

- IFRS 1 (Amendment), "First-time Adoption of International Financial Reporting Standards" and IAS 27, "Consolidated and Separate Financial Statements" (Amendment to the Cost of Investments for First-time Adoption of IFRS)
- IAS 38, "Intangible Assets"
- IAS 40, "Investment Property"
- IAS 20, "Accounting for Government Grants and Disclosure of Government Assistance"
- IFRIC 13, "Customer Loyalty Programs"
- IFRS 2 (Amendment), "Share-based Payments" (Amendments for vesting conditions and cancellations)
- IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations"
- IAS 1, "Presentation of Financial Statements" and IAS 32, "Financial Instruments: Presentation" (Amendment on puttable financial instruments and obligations arising on liquidation)
- IAS 39, "Financial Instruments: Recognition and Measurement" (Amendment on classification of financial instruments and embedded derivatives)
- Improvements on May 2008 (IAS 1, "Presentation of Financial Statements", IAS 16, "Property, Plant and Equipment", IAS 19, "Employee Benefits", IAS 20, "Government Grants", IAS 23, "Borrowing Cost", IAS 27, "Consolidated and Separate Financial Statements", IAS 28, "Investment in Associates", IAS 31, "Interest in Joint Ventures", IAS 29, "Financial Reporting in Hyperinflationary Economies", IAS 36, "Impairment of Assets", IAS 39, "Financial Instruments: Recognition and Measurement", IAS 40, "Investment Property", IAS 41, "Agriculture"
- IFRIC 15, "Agreements for the Construction of Real Estate"
- IFRIC 16, "Hedges of a Net Investment in a Foreign Operation"
- IFRIC 18, "Transfers of Assets from Customers"

Standards and Interpretations that are not yet effective in 2009 and have not been early adopted

- IFRS 3, "Business Combinations", IAS 27, "Consolidated and Separate Financial Statements", IAS 28, "Investment in Associates", IAS 31, "Interest in Joint Ventures" (Comprehensive revision on applying the acquisition method)
- IFRS 9, "Financial Instruments: Classification and Measurement"
- IAS 24 (Revised 2009), "Related Party Disclosures"
- IFRIC 17, "Distributions of Non-cash Assets to Owners"
- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments"

Amendments related to Annual Improvements to IFRS (2009)

As part of the Annual Improvement project, in addition to the amendments mentioned above, other amendments were made to various standards and interpretations. These amendments are effective for annual periods beginning on or after 1 January 2010. The Group has not yet had an opportunity to consider the potential impact of the adoption of these amendments.

2.5. Summary of Significant Accounting Policies

Revenue Recognition:

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

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

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

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

Tangible Fixed Assets:

Tangible fixed assets are carried at cost less accumulated depreciation and any permanent impairment loss.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. These assets are depreciated, on the same basis as other tangible fixed assets, when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

The gain or loss arising on the disposal or retirement of an item of tangible fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

Leasing Transactions:

Leasing-the Group as Lessee:

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

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

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Intangible Fixed Assets:

Goodwill:

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of the acquisition. Goodwill on acquisitions of associates is included in "affiliates" and is tested for impairment as part of the overall balance. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

Intangible Fixed Assets Acquired:

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period with the effect of any changes in estimate being accounted for on a prospective basis.

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Trademarks and Licenses:

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

Computer Software:

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

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

Intangible Fixed Assets Acquired in a Business Combination:

Intangible fixed assets acquired in a business combination are identified and recognized separately from goodwill where they meet the definition of an intangible asset and their fair value can be measured reliably. Cost of such intangible fixed assets is the fair value at the acquisition date.

Subsequent to initial recognition, intangible fixed assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible fixed assets acquired separately.

Impairment of Assets:

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

Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

Financial Instruments:

Financial Assets:

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

Financial assets are classified into the following specified categories: financial assets as "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 is recognized on an effective interest basis for debt instruments other than those financial assets designated at FVTPL.

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Financial assets at FVTPL

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

Held-to-maturity investments

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

The information on security held, as held-to-maturity by the Group, is given in Note 7.

Available-for-sale financial assets

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

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

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

Repurchase and reverse repurchase agreements

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

Loans and receivables

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

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

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 equity.

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.

Financial Liabilities:

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

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

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

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

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

Derivative Financial Instruments and Hedge Accounting:

As of the balance sheet date, the Group has derivative financial instrument transactions which predominantly consist of positions related to forward contracts and contracts indexed to different indices. The Group uses foreign currency forward contracts and futures to hedge its risks associated with market fluctuations in connection with trading portfolio transactions. The Group participates in derivative transactions indexed to foreign currencies and securities, also performs brokerage activities relating to derivative transactions on behalf of its customers.

As of the balance sheet date, transactions related to derivative financial instruments are entered into for trading purposes and measured at fair value. Interest and foreign currency gains and losses on these instruments are accounted for on an accrual basis in the statement of income.

Business Combinations:

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

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

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

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

Foreign Currency Transactions:

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

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

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

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Earnings per Share:

Earnings per share disclosed in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares circulating during the year concerned.

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

Subsequent Events:

Events after balance sheet date comprise any event between the balance sheet date and the date of authorization of the financial statements for publication, even if any event after the balance sheet date occurred subsequent to an announcement on the Group's profit or following any financial information disclosed to public.

The Group restates its financial statements if such adjusting subsequent events arise.

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Provisions, Contingent Liabilities, Contingent Assets:

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous Contracts:

Present obligations arising under onerous contracts are measured and recognized as a provision.

An onerous contract is made where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Segment Information:

The Group has three business segments determined by the management based on information available for the evaluation of performances and the allocation of resources. These segments are managed separately because they are affected by the economical conditions and geographical positions in terms of risks and returns.

Since the Group predominantly operates in Turkey and only in marketable securities sector, segment information in the accompanying financial statements are configured according to structure of the Group's operating entities as securities brokerage, investment trust and portfolio management. Since the Group's geographical operations outside of Turkey is not identified as a reportable geographical segment in the context of materiality of the consolidated financial statements and are not presented in the accompanying consolidated financial statements (Note 5).

Construction Agreements:

None.

Discontinued Operations:

Discontinued operations are part of a group which either are classified as held-for-sale or have been disposed of and whose activities and cash flows can be treated separable from the Group's whole activities and cash flows. Discontinued operations; represent separate business or geographical segment, are parts of the plans to sell or dispose thereof, or is a subsidiary acquired for selling. The Group's discontinued operations have been valued with the lower of the book values of related asset and liabilities of the discontinued operations, or fair value less costs to sell.

Government Incentives and Grants:

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Investment Properties:

None.

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Taxation and Deferred Tax:

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax:

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and Deferred Tax for the Period:

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Employee Benefits/Retirement Pay Provision:

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. 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 balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

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Statement of Cash Flows:

In statement of cash flow, cash flows are classified according to operating, investment and finance activities.

Cash flows from operating activities reflect cash flows mainly generated from brokerage and portfolio management operations of the Group. Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group. Cash flows relating to finance activities express sources of financial activities and payment schedules of the Group.

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments 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.

Share Capital and Dividends:

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

2.6 Significant Accounting Estimates

There are no other accounting valuations, estimates or assumptions, which should be separately disclosed.

3. BUSINESS COMBINATIONS

During the period the Group acquired 0,61% of the shares in nominal capital of its subsidiary, İş Yatırım Ortaklığı A.Ş., with an amount of TL 1.015.131 with transactions on the ISE. A favorable difference between the acquisition cost and the carrying value of the acquired shares amounting to TL 282.759 is accounted for under the equity as the effect of business combinations of entities under common control.

4. JOINT VENTURES

None.

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5. SEGMENT INFORMATION

Segments	Securities Brokerage	Investment Trust	Portfolio Management	Elimination adjustments	Total of Continued Operations
	1 January-31 December 2009	1 January-31 December 2009	1 January-31 December 2009	1 January-31 December 2009	1 January-31 December 2009
CONTINUED OPERATIONS					
Sales revenue	23.826.132.258	619.649.101	-	(120.597)	24.445.660.762
Cost of sales (-)	(23.831.118.102)	(580.505.045)	-	-	(24.411.623.147)
Interest and derivative income from operating activities (net)	55.186.589	19.709.842	-	-	74.896.431
Income from services (net)	67.643.616	-	18.292.999	(3.184.236)	82.752.379
Other operating income/(expenses) (net)	7.268.492	3.330.036	-	(342.683)	10.255.845
GROSS PROFIT/(LOSS)	125.112.853	62.183.934	18.292.999	(3.647.516)	201.942.270
Marketing, sales and distribution expenses (-)	(13.779.932)	(2.735.232)	(580.611)	2.520.180	(14.575.595)
General administrative expenses (-)	(69.571.066)	(968.560)	(6.919.603)	710.411	(76.748.818)
Research and development expenses (-)	-	-	-	-	-
Other operating income	2.777.284	-	19.116	(959.473)	1.836.927
Other operating expenses (-)	(4.160.552)	(200.407)	-	120.597	(4.240.362)
OPERATING PROFIT/(LOSS)	40.378.587	58.279.735	10.811.901	(1.255.801)	108.214.422
Share in net profit/(loss) of investments accounted for under equity method	2.384.040	-	-	-	2.384.040
(Non-operating) Finance income	14.190.232	487.703	5.418.235	-	20.096.170
(Non-operating) Finance expenses (-)	(3.555.051)	-	(332.941)	342.683	(3.545.309)
PROFIT/(LOSS) BEFORE TAXATION FROM CONTINUED OPERATIONS	53.397.808	58.767.438	15.897.195	(913.118)	127.149.323
Tax benefit/(charge) from continued operations	(10.029.813)	-	(3.190.541)	-	(13.220.354)
-Current tax benefit/(charge)	(9.746.132)	-	(3.309.455)	-	(13.055.587)
-Deferred tax benefit/(charge)	(283.681)	-	118.914	-	(164.767)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUED OPERATIONS	43.367.995	58.767.438	12.706.654	(913.118)	113.928.969
Attributable to:					
Minority interest	(775)	41.297.036	3.811.996	322.252	45.430.509
Equity holders of the parent	43.368.770	17.470.402	8.894.658	(1.235.370)	68.498.460
	43.367.995	58.767.438	12.706.654	(913.118)	113.928.969

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Segments Other information	Securities Brokerage 1 January-31 December 2009	Investment Trust 1 January-31 December 2009	Portfolio Management 1 January-31 December 2009	Elimination adjustments 1 January-31 December 2009	Total of continued operations 1 January-31 December 2009
Purchases of tangible and intangible fixed assets	4.733.420	1.975	294.245	-	5.029.640
Depreciation and amortization charges	(1.957.202)	(4.812)	(306.883)	-	(2.268.897)

Segments Balance sheet information	Securities Brokerage 31 December 2009	Investment Trust 31 December 2009	Portfolio Management 31 December 2009	Elimination adjustments 31 December 2009	Consolidated Total 31 December 2009
Assets	2.256.155.593	238.474.375	49.960.465	(90.070.979)	2.454.519.454
Cash and cash equivalents	1.324.709.199	14.842.372	32.273.528	-	1.371.825.099
Financial assets (current)	168.155.141	220.603.953	7.293.962	(1.644.527)	394.408.529
Trade receivables	604.018.453	3.014.373	1.825.243	(16.789.188)	592.068.881
Other receivables	22.689.326	2.099	-	4	22.691.429
Financial assets (non-current)	82.590.038	-	7.260.935	(71.642.608)	18.208.365
Investments accounted for under equity method	37.214.660	-	-	-	37.214.660
Other assets	16.778.776	11.578	1.306.797	5.340	18.102.491
Liabilities	1.952.481.609	676.138	2.543.093	(16.789.188)	1.938.911.652
Financial liabilities	1.322.793.993	-	-	-	1.322.793.993
Other financial liabilities	2.557.944	-	-	-	2.557.944
Trade payables	614.335.592	70.522	317	(16.781.787)	597.624.644
Other payables	5.043.093	7.075	384.698	-	5.434.866
Other liabilities	7.750.987	598.541	2.158.078	(7.401)	10.500.205
Net assets	303.673.984	237.798.237	47.417.372	(73.281.791)	515.607.802

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Segments	Securities Brokerage	Investment Trust	Portfolio Management	Elimination adjustments	Total of continued operations
	1 January-31 December 2008	1 January-31 December 2008	1 January-31 December 2008	1 January-31 December 2008	1 January-31 December 2008
CONTINUED OPERATIONS					
Sales revenue	32.927.544.891	406.707.901	-	(17.085)	33.334.235.707
Cost of sales (-)	(32.927.612.574)	(418.617.864)	-	-	(33.346.230.438)
Interest and derivative income from operating activities (net)	38.684.831	7.662.897	-	-	46.347.728
Income from services (net)	47.811.528	-	11.732.975	(2.641.059)	56.903.444
Other operating income/(expenses) (net)	11.197.782	1.746.330		(844.331)	12.099.781
GROSS PROFIT/(LOSS)	97.626.458	(2.500.736)	11.732.975	(3.502.475)	103.356.222
Marketing, sales and distribution expenses (-)	(22.603.144)	(2.794.861)	(395.414)	2.569.497	(23.223.922)
General administrative expenses (-)	(60.460.819)	(1.225.464)	(5.680.870)	130.574	(67.236.579)
Research and development expenses (-)	-	-	-	-	-
Other operating income	13.859.636	-	101.627	(81.817)	13.879.446
Other operating expenses (-)	(3.062.449)	(2.889.728)	-	17.085	(5.935.092)
OPERATING PROFIT/(LOSS)	25.359.682	(9.410.789)	5.758.318	(867.136)	20.840.075
Share in net profit/(loss) of investments accounted for under equity method	4.363.903	-	-	-	4.363.903
(Non-operating) Finance income	22.232.458	2.321.079	5.214.746	-	29.768.283
(Non-operating) Finance expenses (-)	(2.802.259)	-	(153.832)	844.331	(2.111.760)
PROFIT/(LOSS) BEFORE TAXATION FROM CONTINUED OPERATIONS	49.153.784	(7.089.710)	10.819.232	(22.805)	52.860.501
Tax benefit/(charge) from continued operations	(8.789.768)	-	(2.175.103)	-	(10.964.871)
-Current tax benefit/(charge)	(8.952.822)	-	(2.170.504)	-	(11.123.326)
-Deferred tax benefit/(charge)	163.054	-	(4.599)	-	158.455
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUED OPERATIONS	40.364.016	(7.089.710)	8.644.129	(22.805)	41.895.630
Attributable to:					
Minority interest	105	(5.025.512)	2.593.239	(377.803)	(2.809.971)
Equity holders of the parent	40.363.911	(2.064.198)	6.050.890	354.998	44.705.601
	40.364.016	(7.089.710)	8.644.129	(22.805)	41.895.630

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Segments Other information	Securities Brokerage 1 January-31 December 2008	Investment Trust 1 January-31 December 2008	Portfolio Management 1 January-31 December 2008	Elimination adjustments 1 January-31 December 2008	Total of continued Operations 1 January-31 December 2008
Purchases of tangible and intangible fixed assets	2.709.964	6.606	395.901	-	3.112.471
Depreciation and amortization charges	(1.366.103)	(9.491)	(211.655)	-	(1.587.249)

Segments Balance sheet information	Securities Brokerage 31 December 2008	Investment Trust 31 December 2008	Portfolio Management 31 December 2008	Elimination adjustments 31 December 2008	Total of continued Operations 31 December 2008
Assets	1.353.235.687	179.765.766	35.866.221	(86.028.281)	1.482.839.393
Cash and cash equivalents	898.344.626	8.129.908	26.575.353	-	933.049.887
Financial assets (current)	78.878.430	160.182.575	5.476.343	(522.527)	244.014.821
Trade receivables	238.699.520	11.440.696	2.487.150	(15.067.507)	237.559.859
Other receivables	2.142.880	1.664	-	(4.277)	2.140.267
Financial assets (non-current)	80.053.789	-	-	(70.433.970)	9.619.819
Investments accounted for under equity method	35.802.580	-	-	-	35.802.580
Other assets	19.313.862	10.923	1.327.375	-	20.652.160
Liabilities	1.085.810.679	734.967	1.435.500	(15.071.784)	1.072.909.362
Financial liabilities	889.267.721	-	-	-	889.267.721
Other financial liabilities	2.921.747	-	-	-	2.921.747
Trade payables	181.311.375	348.167	251	(15.067.507)	166.592.286
Other payables	6.490.959	6.422	140.995	-	6.638.376
Other liabilities	5.818.877	380.378	1.294.254	(4.277)	7.489.232
Net assets	267.425.008	179.030.799	34.430.721	(70.956.497)	409.930.031

6. CASH AND CASH EQUIVALENTS

	31 December 2009	31 December 2008
Cash	5.895	19.626
Cash in banks	1.351.935.772	910.277.249
Demand deposits	*7.221.597*	*2.351.658*
Time deposits (with maturities three months or less)	*1.344.714.175*	*907.925.591*
B type mutual funds	4.261.215	49.937
Reverse repurchase agreements	15.622.217	22.583.027
Receivables from Stock Exchange Money Market	-	120.048
	1.371.825.099	933.049.887

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Maturities and interest rates of time deposits as of 31 December 2009 and 31 December 2008 are as follows:

	31 December 2009			
	Interest Rate (%)	Maturity	Currency Type	Amount (TL)
Time deposits in TL	8,90-10,75	04/01/2010-12/02/2010	TL	1.337.396.777
Interest accrual				7.317.398
				1.344.714.175

	31 December 2008			
	Interest Rate (%)	Maturity	Currency Type	Amount (TL)
Time deposits in TL	18,91-23,00	02/01/2009-31/03/2009	TL	897.939.860
Time deposits in FX	3,00	05/01/2009	US Dollars	3.024.600
Interest accrual				6.961.131
				907.925.591

Maturities and interest rates of reverse repurchase agreements as of 31 December 2009 and 31 December 2008 are as follows:

	31 December 2009			
	Interest Rate (%)	Maturity	Cost	Carrying Value
Reverse repurchase agreements	5,88-6,66	04/01/2010	15.619.444	15.622.217
				15.622.217

	31 December 2008			
	Interest Rate (%)	Maturity	Cost	Carrying Value
Reverse repurchase agreements	11,99-15,00	02/01/2009	22.573.809	22.583.027
				22.583.027

Cash and cash equivalents in the Group's consolidated statement of cash flows for the period ended 31 December 2009 and 31 December 2008 are presented by netting off interest accruals from cash and cash equivalents:

	31 December 2009	31 December 2008
Cash and cash equivalents	1.371.825.099	933.049.887
Interest accruals (-)	(7.320.090)	(6.970.348)
	1.364.505.009	926.079.539

7. FINANCIAL INVESTMENTS

	31 December 2009	31 December 2008
Current financial assets		
Financial assets at fair value through profit or loss	380.456.325	236.470.170
Available for sale financial assets	13.952.204	7.544.651
	394.408.529	244.014.821

Non-current financial assets	31 December 2009	31 December 2008
Financial assets at fair value through profit or loss	-	-
Available for sale financial assets	-	-
Held to maturity financial assets	18.208.365	9.619.819
	18.208.365	9.619.819

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	31 December 2009		
Financial assets at fair value through profit or loss	Cost	Fair Value	Carrying Value
Equity shares	72.714.883	95.850.621	95.850.621
Government bonds and Treasury bills	227.605.516	238.457.153	238.457.153
Foreign currency securities	202.565	206.364	206.364
Private sector bonds	35.316.633	35.282.933	35.282.933
Mutual funds	8.229.513	10.465.287	10.465.287
Income accruals of derivative instruments	-	193.967	193.967
	344.069.110	380.456.325	380.456.325

	31 December 2008		
Financial assets at fair value through profit or loss	Cost	Fair Value	Carrying Value
Equity shares	67.857.678	54.077.043	54.077.043
Government bonds and Treasury bills	106.583.129	113.133.024	113.133.024
Foreign currency securities	1.020.982	929.302	929.302
Private sector bonds	55.519.965	56.696.457	56.696.457
Mutual funds	7.183.428	10.793.542	10.793.542
Income accruals of derivative instruments	-	840.802	840.802
	238.165.182	236.470.170	236.470.170

Annual interest rates of Government bonds and Treasury bills held for trading purposes as of 31 December 2009 range between 4,53% and 27,56% (31 December 2008: in-between 15,56% and 22,18%).

Marketable securities given as guarantees as of the respective balance sheet dates are as follows:

	31 December 2009		
Government bonds and Treasury bills given as guarantee	Cost	Fair Value	Carrying Value
Guarantees given to customers (For securities lending activities)	21.181	22.379	22.379
ISE Settlement and Custody Bank Inc.	203.489	205.698	205.698
Turkish Derivatives Exchange	12.735	13.715	13.715
Capital Markets Board	115.394	116.413	116.413
TOTAL	352.799	358.205	358.205

	31 December 2008		
Government bonds and Treasury bills given as guarantee	Cost	Fair Value	Carrying Value
Guarantees given to customers (For securities lending activities)	40.729	38.817	38.817
ISE Settlement and Custody Bank Inc.	1.344.388	1.273.150	1.273.150
Turkish Derivatives Exchange	20.000	19.700	19.700
Capital Markets Board	116.000	114.258	114.258
TOTAL	1.521.117	1.445.925	1.445.925

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The Group has given securities amounting to TL 3.637.668 (31 December 2008: TL 983.675) as guarantee against the securities borrowed as of the balance sheet date.

The details of equity investments are as follows:

	31 December 2009		
Financial assets available for sale	Cost	Fair Value	Carrying Value
Listed Entities			
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	8.120.045	11.094.322	11.094.322
Unlisted Entities			
Yatırım Finansman Menkul Değ. A.Ş.	16.884	16.884	16.884
Turkish Derivatives Exchange	647.435	647.435	647.435
ISE Settlement and Custody Bank Inc.	2.466.090	1.943.563	1.943.563
ISE Emerging Companies Market	250.000	250.000	250.000
	11.500.454	13.952.204	13.952.204

	31 December 2008		
Financial assets available for sale	Cost	Fair Value	Carrying Value
Listed Entities			
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	8.120.045	4.686.769	4.686.769
Unlisted Entities			
Yatırım Finansman Menkul Değ. A.Ş. (7a)	16.884	16.884	16.884
Turkish Derivatives Exchange	647.435	647.435	647.435
ISE Settlement and Custody Bank Inc.	2.466.090	1.943.563	1.943.563
ISE Emerging Companies Market (7a)	250.000	250.000	250.000
	11.500.454	7.544.651	7.544.651

The Group has valued the equity shares of İş Gayrimenkul Yatırım Ortaklığı A.Ş. under securities available for sale having a cost value of TL 8.120.045 (31 December 2008: TL 8.120.045) with the market prices realized on the Istanbul Stock Exchange ("ISE"). As a result of this valuation, the Group has accounted for the valuation increase amounted to TL 2.974.277 (31 December 2008: valuation decrease of TL 3.433.276) by netting-off the deferred tax liability amounted to TL 148.714 (31 December 2008: deferred tax asset of TL 171.664) due to this valuation increase under "Valuation funds/Valuation funds on financial assets" under shareholders' equity. The loss amounted to TL 84.242 (31 December 2008: TL 529.119), which is attributable to minority interest of valuation fund on financial assets, is accounted for under minority interest in the accompanying financial statements.

The Group has not classified any of its financial assets except financial assets held for trading, as financial assets at fair value through profit or loss.

Unlisted Financial Assets Carried at Cost:

The above unquoted and unlisted available-for-sale equity investments amounting to TL 2.857.882 (31 December 2008: TL 2.857.882) whose fair value cannot be reliably measured as the estimated fair value ranges are wide and the probability of estimated values cannot be reasonably assessed are stated at cost less any impairment loss, if any.

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The details of the Group's Government bonds classified as held to maturity financial assets as of 31 December 2009 and 31 December 2008 are as follows:

	31 December 2009		
Held to maturity financial assets	Cost	Fair Value	Carrying Value
Government bonds	16.781.414	22.355.816	18.208.365
	16.781.414	22.355.816	18.208.365

	31 December 2008		
Held to maturity financial assets	Cost	Fair Value	Carrying Value
Government bonds	9.201.373	11.301.392	9.619.819
	9.201.373	11.301.392	9.619.819

The maturity of held to maturity financial assets is 15 February 2012 (31 December 2008: 15 February 2012).

8. FINANCIAL LIABILITIES

Financial liabilities	31 December 2009	31 December 2008
Payables to Stock Exchange Money Market	1.128.530.000	883.880.000
Interest accruals (Stock Exchange Money Market)	5.030.248	5.387.721
Short-term borrowings	189.175.652	-
Interest accruals	58.093	-
	1.322.793.993	889.267.721

As of 31 December 2009, interest rates and maturities of short-term bank borrowings are as follows (31 December 2008: None):

	31 December 2009				
Description	Amount	Currency Type	Interest Rate (%)	Maturity	Amount TL
Principal	189.175.652	TL	7,00-8,00	04/01/2010	189.175.652
Interest accrual	58.093	TL			58.093
	189.233.745				189.233.745

As of 31 December 2009, interest rates and maturities of payables to Stock Exchange Money Market are as follows:

	31 December 2009				
Description	Amount	Currency Type	Interest Rate (%)	Maturity	Amount TL
Principal	1.128.530.000	TL	6,50-7,50	04/01/2010-11/02/2010	1.128.530.000
Interest accrual	5.030.248	TL			5.030.248
	1.133.560.248				1.133.560.248

As of 31 December 2008, interest rates and maturities of payables to Stock Exchange Money Market are as follows:

	31 December 2008				
Description	Amount	Currency Type	Interest Rate (%)	Maturity	Amount TL
Principal	883.880.000	TL	14,15-17,10	02/01/2009-13/02/2009	883.880.000
Interest accrual	5.387.721	TL			5.387.721
	889.267.721				889.267.721

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9. OTHER FINANCIAL LIABILITIES

	31 December 2009	31 December 2008
Expense accruals on derivative transactions	89.629	2.921.747
Liabilities from short selling transactions	2.468.315	-
	2.557.944	2.921.747

10. TRADE RECEIVABLES AND PAYABLES

Current trade receivables	31 December 2009	31 December 2008
Receivables from customers on margin trading	66.026.849	39.081.750
Receivables from customers	335.929.403	80.324.497
Receivables from clearing houses on derivative transactions	118.176.642	84.319.724
Due from related parties (Note 37)	1.636.840	2.468.456
Receivables from clearing houses	53.614.260	10.245.649
Commission and fund management fee receivables	671.017	426.696
Other trade receivables	159.463	170.036
Margin receivables on derivative transactions	15.854.407	20.523.051
	592.068.881	237.559.859

As of 31 December 2009 and 31 December 2008, the Group has no trade receivables past due or impaired.

As of 31 December 2009, the average interest rates applied to customers on margin trading are 8,90% (31 December 2008: 19,08%).

As of 31 December 2009, the Group holds the equity shares of the listed entities as collaterals received in relation to receivables from customers on margin trading with an amount of TL 145.525.095 (31 December 2008: TL 77.936.167).

As of 31 December 2009, the Group holds letters of guarantee with an amount of TL 10.344.159 (31 December 2008: TL 1.058.610) in relation to the derivative transactions of its customers.

Current trade payables	31 December 2009	31 December 2008
Payables to customers	422.526.930	83.889.149
Payables to clearing houses on derivative transactions	116.041.807	74.853.940
Payables to clearing houses	58.977.155	7.661.515
Due to related parties (Note 37)	7.635	7.621
Other trade payables	71.117	180.061
	597.624.644	166.592.286

11. OTHER RECEIVABLES AND PAYABLES

Other receivables	31 December 2009	31 December 2008
Other current receivables	104.964	118.715
Deposits and guarantees given	22.566.583	1.944.653
Due from related parties (non-trading) (Note 37)	19.882	33.073
Others	-	43.826
	22.691.429	2.140.267

Other payables	31 December 2009	31 December 2008
Taxes and dues payable	4.934.416	5.797.053
Social security premiums payable	131.753	59.351
Deposits and guarantees received	-	24.210
Due to related parties (non-trading) (Note 37)	341.225	695.797
Other sundry payables	27.472	61.965
	5.434.866	6.638.376

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12. RECEIVABLES AND PAYABLES FROM FINANCIAL SECTOR OPERATIONS

Since the Group operates in finance sector, this account balance has not been used.

13. INVENTORIES

None (31 December 2008: None).

14. BIOLOGICAL ASSETS

None (31 December 2008: None).

15. ASSETS RELATED TO ONGOING CONSTRUCTION CONTRACTS

None (31 December 2008: None).

16. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

Financial information of the Group's investments accounted for equity method is as follows:

	31 December 2009		31 December 2008	
	Share (%)	Amount	Share (%)	Amount
İş Girişim Sermayesi YO A.Ş.	29,00	37.214.660	29,00	35.802.580
		37.214.660		35.802.580

	31 December 2009	31 December 2008
Total assets	131.388.884	126.659.044
Total liabilities	(2.388.210)	(2.535.040)
Minority interest	(689.544)	(681.535)
Net assets	128.311.130	123.442.469
Group's share in net assets	37.214.660	35.802.580
Impairment allowance (-)	-	-
	37.214.660	35.802.580

	1 January-31 December 2009	1 January-31 December 2008
Revenue	8.229.138	26.354.726
Profit for the period	8.225.352	20.085.286
Minority interest in profit for the period	(5.502)	(252.426)
Net profit for the period attributable to affiliate	8.219.850	19.832.860
Group's share in profit for the period of affiliate	2.384.040	4.363.903

17. INVESTMENT PROPERTIES

None (31 December 2008: None).

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18. TANGIBLE FIXED ASSETS

Acquisition cost	Machinery and equipment	Vehicles	Furniture and fixtures	Other tangible assets	Leasehold improvements	Total
Opening balance, 1 January 2009	5.216.972	271.853	2.973.285	4.142.750	5.558.284	18.163.144
Exchange differences	-	-	22.537	-	25.140	47.677
Additions	1.161.062	73.146	505.153	-	2.597.221	4.336.582
Disposals (-)	-	(41.389)	(59.291)	-	-	(100.680)
Closing balance, 31 December 2009	6.378.034	303.610	3.441.684	4.142.750	8.180.645	22.446.723
Accumulated depreciation						
Opening balance, 1 January 2009	(3.433.524)	(60.671)	(1.625.336)	(4.130.004)	(3.334.636)	(12.584.171)
Exchange differences	-	-	(9.592)	-	(4.828)	(14.420)
Charge for the period	(615.274)	(60.514)	(491.556)	(3.254)	(607.115)	(1.777.713)
Disposals (-)	-	35.180	44.444	-	-	79.624
Closing balance, 31 December 2009	(4.048.798)	(86.005)	(2.082.040)	(4.133.258)	(3.946.579)	(14.296.680)
Carrying value as of 31 December 2008	1.783.448	211.182	1.347.949	12.746	2.223.648	5.578.973
Carrying value as of 31 December 2009	2.329.236	217.605	1.359.644	9.492	4.234.066	8.150.043

Acquisition cost	Machinery and equipment	Vehicles	Furniture and fixtures	Other tangible assets	Leasehold improvements	Total
Opening balance, 1 January 2008	4.229.264	118.030	2.469.984	4.142.750	4.833.600	15.793.628
Exchange differences	-	-	(13.924)	-	(17.054)	(30.978)
Additions	987.708	230.464	540.280	-	741.738	2.500.190
Disposals (-)	-	(76.641)	(23.055)	-	-	(99.696)
Closing balance, 31 December 2008	5.216.972	271.853	2.973.285	4.142.750	5.558.284	18.163.144
Accumulated depreciation						
Opening balance, 1 January 2008	(2.996.003)	(77.102)	(1.247.828)	(4.126.750)	(2.906.034)	(11.353.717)
Exchange differences	-	-	2.933	-	1.570	4.503
Charge for the period	(437.521)	(38.495)	(402.633)	(3.254)	(430.172)	(1.312.075)
Disposals (-)	-	54.926	22.192	-	-	77.118
Closing balance, 31 December 2008	(3.433.524)	(60.671)	(1.625.336)	(4.130.004)	(3.334.636)	(12.584.171)
Carrying value as of 31 December 2007	1.233.261	40.928	1.222.156	16.000	1.927.566	4.439.911
Carrying value as of 31 December 2008	1.783.448	211.182	1.347.949	12.746	2.223.648	5.578.973

Tangible fixed assets acquired through financial leases generally consist of computers, furniture and various equipments.

Expected useful lives used by the Group are summarized below:

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

The entire depreciation charges have been charged to the general administrative expenses.

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19. INTANGIBLE FIXED ASSETS

Acquisition cost	Rights	Total
Opening balance, 1 January 2009	2.153.421	2.153.421
Exchange differences	37.527	37.527
Additions	693.058	693.058
Disposals (-)	-	-
Closing balance, 31 December 2009	2.884.006	2.884.006
Accumulated amortization		
Opening balance, 1 January 2009	(852.241)	(852.241)
Exchange differences	(13.237)	(13.237)
Charge for the period	(491.184)	(491.184)
Disposals (-)	-	-
Closing balance, 31 December 2009	(1.356.662)	(1.356.662)
Carrying value as of 31 December 2008	1.301.180	1.301.180
Carrying value as of 31 December 2009	1.527.344	1.527.344

Acquisition cost	Rights	Total
Opening balance, 1 January 2008	1.563.592	1.563.592
Exchange differences	(22.452)	(22.452)
Additions	612.281	612.281
Disposals (-)	-	-
Closing balance, 31 December 2008	2.153.421	2.153.421
Accumulated amortization		
Opening balance, 1 January 2008	(581.325)	(581.325)
Exchange differences	4.258	4.258
Charge for the period	(275.174)	(275.174)
Disposals (-)	-	-
Closing balance, 31 December 2008	(852.241)	(852.241)
Carrying value as of 31 December 2007	982.267	982.267
Carrying value as of 31 December 2008	1.301.180	1.301.180

Amortization of intangible fixed assets is calculated using the straight-line method over their estimated useful lives (on an average of five years).

The entire amortization charges have been charged to the general administrative expenses.

20. GOODWILL

The positive or negative goodwill showing the difference between the Group's share in the fair value of the net assets acquired and the acquisition cost of an investment in the accompanying consolidated financial statements relating to the acquisitions prior to 1 January 2007, then goodwill has been amortized using the straight-line method over the estimated useful life before 31 December 2006 by accounting for the amortization of positive goodwill as an expense and the amortization of negative goodwill as an income in profit and loss. Under IFRS 3 "Business Combinations", amortization using the straight-line method for goodwill arising from the acquisitions subsequent to 1 January 2007 is no longer applied and the carrying value of goodwill is reviewed annually for impairment if there are any indications of impairment and an impairment loss is recognized, if any. For acquisitions subsequent to the related date, any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination (known as negative goodwill) is recognized immediately in profit or loss. In this respect, the negative goodwill amounting to TL 7.850.986 amortized using the straight-line method over the estimated useful life until 31 December 2006 with a carrying value of TL 6.882.323 after deducting accumulated amortization of TL 968.663 was accounted for in the retained earnings. The remaining positive goodwill amounting to TL 557.847 and TL 17.411.626 which arose from the acquisition of İş Portföy A.Ş. in 2007 are not accounted for under IFRS 3 "Business Combinations" since the prevailing transactions are referring to business combinations of entities under common control and total positive goodwill amounting to TL 17.969.473 arose in this context was accounted for in the retained earnings account under equity as "effect of the business combinations in entities under common control".

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	31 December 2009	31 December 2008
Camiş Menkul Değerler A.Ş.	557.847	557.847
İş Portföy Yönetimi A.Ş.	17.411.626	17.411.626
	17.969.473	17.969.473

21. GOVERNMENT INCENTIVES AND GRANTS

None (31 December 2008: None).

22. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Current provisions	31 December 2009	31 December 2008
Legal claims (*)	13.335	50.072
Tax penalty provision (**)	515.000	335.323
Other liabilities and expense accruals	971	741
	529.306	386.136

(*) The amount represents the provision for certain legal claims brought against the Group by customers. The provision charge is recognized in profit or loss within general administrative expenses. The management believes that the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided at 31 December 2009 after receiving appropriate legal advice.

(**) 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 subsidiary has provided a BITT provision amounting to TL 515.000 (31 December 2008: TL 335.323) regarding to 2008 and January – February 2009 transactions based on the best estimates and accounted for the additional charge of this provision for the current period amounting to TL 200.407 in the books under other operating expenses.

	1 January-31 December 2009			
	Legal claims	Tax penalty Provision	Other	Total
Opening balance	50.072	335.323	739	386.134
Charge for the period	-	200.407	971	201.378
Payments	(36.737)	(20.730)	(739)	(58.206)
Closing balance	13.335	515.000	971	529.306

	1 January-31 December 2008			
	Legal claims	Tax penalty Provision	Other	Total
Opening balance	49.787	-	622.548	672.335
Provision released	-	-	(283.504)	(283.504)
Charge for the period	285	335.323	741	336.349
Payments	-	-	(339.044)	(339.044)
Closing balance	50.072	335.323	741	386.136

Details of the nominal amounts of Government bonds and Treasury bills, equity shares, Eurobonds and mutual funds belonging to customers and held for custody purposes are as follows:

	31 December 2009	31 December 2008
Government bonds and Treasury bills (customer portfolio)	1.408.451.645	1.394.721.107
Eurobond	272.401.979	198.533.624
Equity shares	3.242.889.472	2.758.251.978
Mutual funds-units	23.701.583.335	9.168.144.017
	28.625.326.431	13.519.650.726

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As of 31 December 2009 and 31 December 2008, letters of guarantee and promissory notes given by the Group are as follows:

	31 December 2009	31 December 2008
Capital Markets Board	12.828.552	9.728.552
Istanbul Stock Exchange	49.214.050	40.558.920
ISE Settlement and Custody Bank Inc.	1.411.797.054	1.128.283.000
Turkish Derivatives Exchange	6.010.000	6.010.000
Others	5.283.973	4.528.739
	1.485.133.629	1.189.109.211

As of 31 December 2009, securities amounting to TL 3.637.668 have been given as guarantees against securities loaned (31 December 2008: TL 983.675).

The Company and its subsidiaries operating in Turkey with activities in securities brokerage and portfolio management maintain their capitals in accordance and in compliance with the Capital Markets Board Communiqué Serial: V, No: 34 "Principles of Capital and Capital Adequacy of Brokerage Houses" ("Communiqué Serial: V, No: 34"). The Group is in compliance with the capital adequacy requirements as of 31 December 2009 and 31 December 2008.

Guarantee-Pledge-Mortgage

Guarantee/pledge/mortgage ("GPM") position of the Group as of 31 December 2009 and 31 December 2008 are as follows:

Guarantees/Pledge/Mortgage given by the Company	31 December 2009	31 December 2008
A. GPM given on behalf of its own legal entity	1.477.997.967	1.186.624.221
GPM	1.474.360.299	1.185.640.546
Financial investments	3.637.668	983.675
B. GPM given on behalf of consolidated subsidiaries	16.463.100	4.536.900
GPM	16.463.100	4.536.900
Financial investments	-	-
C. Total amount of GPM given on behalf of other third parties' debt	-	-
D. Other GPM		
i. Total amount of GPM given on behalf of the Parent	-	-
ii. Total amount of GPM given on behalf of other group companies not covered in B and C	-	-
iii. Total amount of GPM given on behalf of third parties not covered in C	-	-
TOTAL	1.494.461.067	1.191.161.121

Proportion of other GPM given to the Group's equity as of 31 December 2009 is 290% (December 31 December 2008: 291%).

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23. COMMITMENTS

Derivative commitments and option agreements of the Group as of 31 December 2009 and 31 December 2008 are as follows:

	31 December 2009							
	SHORT POSITION				LONG POSITION			
Derivative instrument description	Notional amount	Type	Notional amount (TL)	Fair value (TL)	Notional amount	Type	Notional amount (TL)	Fair value (TL)
TL/Foreign currency								
Forward agreements	7.700.000	USD	11.593.890	11.700.900	8.300.000	USD	12.497.310	12.584.600
Forward agreements	1.000.000	EUR	2.160.300	2.221.500	2.000.000	EUR	4.320.600	4.386.665
Swap agreements	1.212.501	USD	1.939.890	1.766.814	-	-	-	-
Swap agreements	521.000	EUR	1.125.516	1.125.516	-	-	-	-
Future agreements	5.400.000	USD	8.130.780	8.198.600	4.200.002	USD	6.863.508	6.946.630
Future agreements	1.000.000	EUR	2.160.300	2.221.500	1.000.000	EUR	2.160.300	2.221.500
Option agreements	-	-	-	-	1.000.000	USD	1.505.700	1.555.872
Option agreements	312.476	GBP	746.568	725.349	312.476	GBP	746.568	767.787
Index								
Future agreements	3.533	TL	21.411.542	23.918.410	2.750	TL	18.422.819	18.617.500
Option agreements	-	-	-	-	10	USD	4.984	5.128
Commodities								
Option agreements	-	-	-	-	500	USD	828.135	797.963

	31 December 2008							
	SHORT POSITION				LONG POSITION			
Derivative instrument description	Notional amount	Type	Notional amount (TL)	Fair value (TL)	Notional amount	Type	Notional amount (TL)	Fair value (TL)
TL/Foreign currency								
Forward agreements	1.900.000	USD	2.873.370	2.984.900	47.736.000	USD	72.191.153	74.993.256
Future agreements	45.836.000	USD	69.317.783	72.008.356	205.000	USD	310.021	322.055
Index								
Future agreements	5.000	TL	17.500.925	17.512.500	-	-	-	-
Commodities								
Future agreements	72	TL	304.308	312.264	10	USD	444.244	439.022
Stock Swap								
Credit default swap	5.000.000	USD	198.111	310.022	5.000.000	USD	68.054	322.120

24. PROVISIONS RELATED TO EMPLOYEE BENEFITS

Short-term:

	31 December 2009	31 December 2008
Provisions related to employee benefits	3.527.260	3.333.735

Long-term:

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each entitled employee to receive such benefits. Also, employees who are entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2422 dated 6 March 1981 and No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. Some transition provisions related to the pre-retirement service term were excluded from the law since the related law was amended as of 23 May 2002.

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The applicable retirement pay provision ceiling as of 31 December 2009 is TL 2.365,16 for the calculation of employment termination benefits (31 December 2008: TL 2.173,19). The retirement pay provision ceiling is revised semi-annually, and TL 2.427,16, which is effective from 1 January 2010, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2008; The retirement pay provision ceiling effective from 1 January 2009 amounts to TL 2.260,05).

The liability is not funded, as there is no funding requirement. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. IAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December 2009, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. The provision at the respective balance sheet date has been calculated assuming an annual inflation rate of 4,80% (31 December 2008: 5,40%) and a discount rate of 11,00% (31 December 2008: 12,00%), resulting in a real discount rate of approximately 5,92% (31 December 2008: 6,26%). The anticipated rate of forfeitures is also considered.

	2009	2008
Opening balance, 1 January	1.265.522	1.013.732
Service cost	413.500	270.284
Interest cost	63.974	57.752
Actuarial loss	45.216	-
Retirement payments made	(98.034)	(76.246)
Closing balance, 31 December	1.690.178	1.265.522

25. RETIREMENT BENEFITS

Beginning from 2006, the Group has started to contribute certain amount of private pension payments for its employees. As of 31 December 2009, total contributions paid in current period amount to TL 155.996 whereas it is TL 445.243 cumulatively (31 December 2008: Current period contributions paid as of 31 December 2008 is TL 139.480 and cumulative payment is TL 289.247).

26. OTHER ASSETS AND LIABILITIES

Other current assets	31 December 2009	31 December 2008
Prepaid expenses	794.832	952.476
Prepaid taxes and dues	5.922.039	10.035.126
Business advances	88.566	142.822
Personnel advances	434.283	667.712
Others	66.164	-
	7.305.884	11.798.136

As of 31 December 2008, the amount of TL 369.506 in other non-current assets represents the long-term advances given to personnel.

Other current liabilities	31 December 2009	31 December 2008
Expense accruals	3.291.369	1.732.496
Due to personnel	1.977	36.399
Others	25.498	90.501
	3.318.844	1.859.396

The amount of TL 46.196 of prepaid expenses in other current assets refers to the services to be rendered from related parties and the amount of TL 264.950 of expense accruals in other current liabilities refers to the uninvoiced portion of services rendered from related parties (Note 37).

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27. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

a. Capital/Treasury share adjustment

The capital structure of the Company as of 31 December 2009 and 31 December 2008 are as follows:

	31 December 2009		31 December 2008	
Shareholder	Share (%)	Amount	Share (%)	Amount
T. İş Bankası A.Ş. (A Group)	0,13	150.000	0,13	150.000
T. İş Bankası A.Ş. (B Group)	65,52	78.231.173	65,52	78.231.173
Publicly traded	27,86	33.261.827	27,86	33.261.827
Other	6,49	7.744.000	6,49	7.744.000
Total	100,00	119.387.000	100,00	119.387.000

The capital of the Company is TL 119.387.000 (TL one hundred nineteen million three hundred eighty seven thousand). The capital consists of 119.387.000 (one hundred nineteen million three hundred eighty seven thousand) shares of having a nominal value of TL 1 (TL one) each. TL 150.000 of the shares is Group A and TL 119.237.000 is Group B shares. According to the Articles of Association, additional Group A shares cannot be issued during new capital increases. Five members of the Board of Directors out of seven are elected among the nominees determined by Group A shareholders and two members by Group B shareholders.

b. Valuation Funds

	31 December 2009	31 December 2008
Valuation fund on financial assets	2.909.805	(2.732.493)
	2.909.805	(2.732.493)

Valuation Fund on Financial Assets:

Valuation fund on financial assets arises from the measurement of available-for-sale financial assets at their fair value. In case of disposal of assets carried at fair value, the cumulative gain or loss related to that assets previously recognized in equity is included in the profit or loss for the period. Gains and losses arising from changes in fair value are recognized directly in equity, until the asset is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period.

c. Restricted Reserves Appropriated from Profits

	31 December 2009	31 December 2008
Legal reserves	8.330.559	5.797.855
Statutory reserves	2.168	2.168
Gains on sale of properties and equity participations to be transferred to capital	2.452.003	2.060.975
	10.784.730	7.860.998

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code, are not distributable to shareholders. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

d. Retained Earnings/Accumulated Deficits

The retained earnings and extraordinary reserves disclosed in retained earnings on the consolidated financial statements of the Group as of 31 December 2009 and 31 December 2008 are as follows:

	31 December 2009	31 December 2008
Extraordinary reserves	68.201.166	51.861.153
Extraordinary reserves (arising from consolidated subsidiaries and affiliates)	9.618.183	9.462.020
Retained earnings/(accumulated deficits)	14.354.756	1.724.997
	92.174.105	63.048.170

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Profit Distribution:

In accordance with the Capital Markets Board's (the "CMB") Decree issued as of 27 January 2010, in relation to the profit distribution of earnings derived from the operations in 2009, minimum profit distribution is not required for listed companies (31 December 2008: 20%) and accordingly, profit distribution should be made based on the requirements set out in the CMB's Communiqué Serial: IV, No: 27 "Principles of Advance Dividend Distribution of Companies that are subject to the Capital Markets Board Regulations", terms of articles of association and profit distribution policies publicly disclosed by the companies.

Furthermore, based on the afore-mentioned decree, companies that are required to prepare consolidated financial statements should calculate their net distributable profits, to the extent that they can be recovered from equity in their statutory records, by considering the net profit for the period in the consolidated financial statements which are prepared and disclosed in accordance with the Communiqué Serial: XI, No: 29.

28. SALES REVENUE AND COST OF SALES

Sales revenue	1 January-31 December 2009	1 January-31 December 2008
Sales of equity shares	6.977.145.042	3.973.213.903
Sales of private sector bonds	1.725.778.096	7.329.443.029
Sales of Government bonds	13.187.493.619	21.356.953.448
Sales of Treasury bills	2.341.387.226	203.329.143
Sales of mutual funds	213.856.779	471.296.184
	24.445.660.762	33.334.235.707
Cost of sales		
Purchases of equity shares	(6.964.079.643)	(4.030.937.277)
Purchases of private sector bonds	(1.723.529.293)	(7.402.594.667)
Purchases of Government bonds	(13.173.276.676)	(21.252.160.853)
Purchases of Treasury bills	(2.340.340.006)	(205.885.055)
Purchases of mutual funds	(210.397.529)	(454.652.586)
	(24.411.623.147)	(33.346.230.438)
Interest and derivative income from operating activities (net)		
Interest income/(expenses) (net)	145.305.071	127.483.424
Derivative income/(expenses) (net)	31.645.096	38.759.912
Interest expenses on bank loans	(5.111.100)	(1.454.086)
Stock Exchange Money Market interest expenses	(96.942.636)	(118.441.522)
	74.896.431	46.347.728
Service income		
Commission income on trading of equity shares	37.671.698	24.102.306
Commission income on trading of Government bonds and Treasury bills	1.556.923	461.783
Commission income on trading of mutual funds	41.117	12.706
Commission income on trading of derivative transactions	18.214.121	13.751.725
Commission income on trading of repurchase agreements and reverse repurchase agreements	788.346	828.563
Commission income on Stock Exchange Money Market transactions	3.651	12.516
Corporate finance income	1.402.749	2.125.178
Portfolio management fees	23.206.789	15.348.318
Other commissions and income	436.433	436.007
Loaned securities transactions income	698.447	171.961
Deductions from service income		
Commission reimbursements to customers	(805.214)	(65.250)
Commissions paid to agencies	(462.681)	(282.369)
Service income (net)	82.752.379	56.903.444
Other operating income	4.936.941	3.603.542
Interest income from customers	5.318.904	8.496.239
Other operating income (net)	10.255.845	12.099.781

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29. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

	1 January- 31 December 2009	1 January- 31 December 2008
Research and development expenses (-)	-	-
Marketing, sales and distribution expenses (-)	(14.575.595)	(23.223.922)
General administrative expenses (-)	(76.748.818)	(67.236.579)
	(91.324.413)	(90.460.501)

Marketing, sales and distribution expenses (-)		
Equity shares transaction and registration fees	(1.772.691)	(879.614)
Derivative instrument transactions fees	(3.755.687)	(3.030.463)
Fixed income securities transaction and registration fees	(669.606)	(500.073)
Custody expenses	(2.771.173)	(1.867.381)
Foreign marketable securities transaction fees	(4.551.938)	(16.282.985)
Portfolio management commission expenses	(15.430)	(66.979)
Marketable securities brokerage commission expenses	(97.934)	(88.941)
Other marketing, selling and distribution expenses	(941.136)	(507.486)
	(14.575.595)	(23.223.922)

General administrative expenses (-)	1 January- 31 December 2009	1 January- 31 December 2008
Personnel expenses	(41.916.067)	(35.002.050)
Retirement pay provision	(522.690)	(328.036)
Depreciation and amortization charges	(2.268.897)	(1.587.249)
Operating expenses	(3.561.158)	(2.544.518)
Outsourcing expenses	(3.491.144)	(3.420.223)
Taxes and dues	(8.076.680)	(10.223.044)
Other general administrative expenses	(672.773)	(1.526.535)
Communication expenses	(7.076.067)	(4.933.833)
Publication and advertisement expenses	(2.221.449)	(2.198.946)
Rent expenses	(4.560.781)	(3.202.123)
Transportation expenses	(1.216.512)	(1.127.572)
Board of Directors attendance fees	(1.164.600)	(1.142.450)
	(76.748.818)	(67.236.579)
Total operating expenses	(91.324.413)	(90.460.501)

30. EXPENSES BY NATURE

	1 January- 31 December 2009	1 January- 31 December 2008
Personnel expenses	(41.916.067)	(35.002.050)
Depreciation and amortization charges	(2.268.897)	(1.587.249)
Rent expenses	(4.560.781)	(3.202.123)
Outsourcing expenses	(3.491.144)	(3.420.223)
Marketing, sales and distribution expenses	(14.575.595)	(23.223.922)
Transportation expenses	(1.216.512)	(1.127.572)
Operating expenses	(3.561.158)	(2.544.518)
Communication expenses	(7.076.067)	(4.933.833)
Publication and advertisement expenses	(2.221.449)	(2.198.946)
Taxes and dues	(8.076.680)	(10.223.044)
Retirement pay provision	(522.690)	(328.036)
Board of Directors attendance fees	(1.164.600)	(1.142.450)
Other	(672.773)	(1.526.535)
	(91.324.413)	(90.460.501)

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31. OTHER OPERATING INCOME/(EXPENSES)

Other operating income	1 January-31 December 2009	1 January-31 December 2008
Gain on sales of tangible fixed assets	6.378	17.949
Dividend income from affiliates	700.385	366.417
Negative goodwill recognized in profit/(loss)	-	11.781.149
Others	1.130.164	1.713.931
	1.836.927	13.879.446

Other operating expenses	1 January-31 December 2009	1 January-31 December 2008
Impairment of tangible fixed assets	(7.716)	(863)
Loaned marketable securities commission expenses	(3.082.621)	(2.006.389)
Others	(1.150.025)	(3.927.840)
	(4.240.362)	(5.935.092)

32. FINANCE INCOME (NON-OPERATING)

	1 January-31 December 2009	1 January-31 December 2008
Interest income on	17.324.349	14.332.664
Government bonds and Treasury bills	*4.002.156*	*2.475.980*
Private sector, notes and bills	*8.451.010*	*6.534.138*
Foreign marketable securities	*976.732*	*663.261*
Equity shares	-	*3.849*
Time deposits	*3.894.451*	*4.655.436*
Reverse repo interest income	487.784	2.456.145
Derivatives exchange market transactions	-	864
Interest income on guarantees	1.451.865	10.339.254
Foreign currency gains	311.507	2.584.708
Other finance income	520.665	54.648
	20.096.170	29.768.283

33. FINANCE EXPENSES (NON-OPERATING)

	1 January-31 December 2009	1 January-31 December 2008
Interest expenses on	-	(2.718)
Bank loans	-	*(2.718)*
Commission expenses on letters of guarantee	(3.084.315)	(1.876.346)
Foreign currency losses	(50.630)	(47.104)
Repurchase agreements interest expenses	(282.311)	-
Other finance expenses	(128.053)	(185.592)
	(3.545.309)	(2.111.760)

34. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None (31 December 2008: None).

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35. TAX ASSETS AND LIABILITIES

Current tax payable	31 December 2009	31 December 2008
Current tax liability	13.075.847	11.123.326
Less: Advance taxes	(11.641.230)	(10.478.883)
	1.434.617	644.443

Tax charge in the statement of income	1 January-31 December 2009	1 January-31 December 2008
Current tax liability	(13.075.847)	(11.123.326)
Deferred tax benefit/(charge)	(164.767)	158.455
Reversal of over accrual of prior period taxes	20.260	-
Total Tax Benefit/(Charge)	(13.220.354)	(10.964.871)
Tax charge from continued operations	(13.220.354)	(10.964.871)
Tax charge from discontinued operations	-	-
	(13.220.354)	(10.964.871)

Deferred taxes accounted for under equity	1 January-31 December 2009	1 January-31 December 2008
On valuation of available-for-sale financial assets	320.378	(345.714)

Corporate Tax:

The Group is subject to Turkish corporate taxes. Tax legislation in Turkey does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate in 2009 is 20% (2008: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate was 20% for 2009 (2008: 20%).

Losses can be carried forward for offset against future taxable income for up to 5 years. Losses cannot be carried back for offset against profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Companies with special accounting periods file their tax returns between 1st and 25th days of fourth month after the fiscal year end. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income Withholding Tax:

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was increased from 10% to 15% effective from 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate that are directly related to production facilities. Investments without investment incentive certificates do not qualify for tax allowance.

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Investment Incentive Certificates:

Investment incentive certificates are revoked commencing from 1 January 2006. If companies cannot use investment incentive due to inadequate profit, such outstanding investment incentive can be carried forward to the following years as of 31 December 2005 so as to be deducted from taxable income of subsequent profitable years. However, companies can deduct their carried forward outstanding allowance from 2006, 2007 and 2008's taxable income. The investment incentive amount that cannot be deducted from 2008's taxable income will not be carried forward to the following years.

Upon the resolution made by the Constitutional Court on 15 October 2009, the legal arrangement, which proposes to eliminate the vested rights, was revoked on the basis of being contradictory to the constitution. Deadline of the investment incentive period is, thereby, ceased as of the reporting date. The related resolution was published in the Official Gazette on 8 January 2010.

Taxation for Investment Trusts:

In accordance with the Clause (1) (d) in Article 5 of the Corporate Tax Law No: 5520 and dated 21 June 2006 in effect from 1 January 2006, portfolio management income of the securities investment funds and trusts in Turkey is exempt from tax. This exemption is also applied to the advance corporate tax.

Based on the Clause (3) in Article 15 of the same law, 15% withholding tax is applied on the portfolio management income of the securities investment funds and trusts in Turkey, which is exempt from tax, whether it is distributed or not. In accordance with the Clause (4) of the same article, the Council of Ministers is authorized to reduce this withholding rate to 0% or to increase it up to the corporate tax rate and differentiate the related withholding rate according to the fund and trust types or the nature and composition of the assets in their portfolio within the related limits.

In accordance with the Law No: 5527 and the Provisional Article 67 the Clause (1) which were introduced in the Income Tax Law No: 193 with the Law No: 5281 to be applied from 1 January 2006 to 31 December 2015 effective from 1 January 2006, 15%, 10% and 0% withholding tax is applied for securities investment funds' and trusts' purchase and sale income from securities and other capital market instruments and periodical returns through banks and brokerage companies for the periods of 1 January 2006-22 July 2006, 23 July 2006-30 September 2006 and subsequent to 1 October 2006, respectively.

As per the Clause (8) of the Provisional Article 67, 15% withholding tax is applied on the securities investment funds established in accordance with the Capital Markets Law (including funds traded on stock exchange, mortgage finance funds and asset finance funds) and securities investment trusts' portfolio income that is exempt from corporate tax, whether distributed or not. There is no further withholding tax for the related income under the Article 94. Upon the decision made by the Council of Ministers numbered 2006/10731 and dated 22 July 2006, the related withholding tax rate was applied as 10% for the period 23 July 2006-30 September 2006 and 0% subsequent to 1 October 2006.

Deferred Tax:

The Group recognizes deferred tax assets and liabilities based upon the temporary differences between its financial statements as reported in accordance with IFRS and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

20% of tax is applied in the calculation of deferred tax assets and liabilities (2008: 20%).

Since companies in Turkey cannot file a consolidated tax return, subsidiaries having deferred tax assets cannot be offset against subsidiaries having deferred tax liabilities and the net deferred tax position of each entity is disclosed separately.

	31 December 2009	31 December 2008
Deferred tax assets (-)	(1.119.220)	(1.604.365)
Deferred tax liabilities	-	-
Deferred tax liabilities/(assets) (net)	(1.119.220)	(1.604.365)

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Temporary differences subject to deferred tax	31 December 2009	31 December 2008
Useful life differences on tangible and intangible fixed assets	1.894.700	1.308.120
Retirement pay provision (*)	(1.639.137)	(1.226.737)
Valuation of marketable securities	(2.040.031)	(1.600.893)
Income/(expense) accruals on derivative transactions (net)	103.542	(1.161.445)
Valuation fund on financial assets	2.974.277	(3.433.276)
Subsidiary valuation differences	(5.523.355)	(5.523.355)
Accrued expenses	(3.494.763)	(3.306.735)
	(7.724.767)	(14.944.321)
Deferred tax (assets)/liabilities		
Useful life differences on tangible and intangible fixed assets	378.940	261.624
Retirement pay provision (*)	(327.827)	(245.348)
Valuation of marketable securities	(408.006)	(320.179)
Income/(expense) accruals on derivative transactions (net)	20.708	(232.289)
Valuation fund on financial assets	148.714	(171.664)
Subsidiary valuation differences	(276.168)	(276.168)
Accrued expenses	(698.953)	(661.347)
	(1.162.592)	(1.645.371)
Valuation allowance (**)	43.372	41.006
	(1.119.220)	(1.604.365)

Movement of deferred tax (assets)/liabilities	2009	2008
Opening balance, 1 January	(1.604.365)	(1.100.196)
Deferred tax (benefit)/charge (**)	121.395	(199.461)
Deferred tax offset from valuation fund on financial assets	320.378	(345.714)
Deferred tax asset allowance	43.372	41.006
Closing balance, 31 December	(1.119.220)	(1.604.365)

(*) Since İş Yatırım Ortaklığı A.Ş. is exempt from taxation, retirement pay provision amounting to TL 51.041 is not considered in deferred tax calculation (31 December 2008: TL 38.785).

(**) Tax legislation in Turkey does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, are calculated on a separate-entity basis. Deferred tax assets are recognized when it is probable that the tax benefit will be utilized in the future. Deferred tax asset is written off to the extent that it could not be realized. In this respect, allowance is made for the deferred tax asset calculated by Camiş Menkul Değerler A.Ş. amounting to TL 43.372 in the accompanying consolidated financial statements (31 December 2008: TL 41.006).

Total tax charge for the period can be reconciled to the accounting profit as follows:

Reconciliation of tax provision	1 January-31 December 2009	1 January-31 December 2008
Profit before tax	127.149.323	52.860.501
(Profit)/loss of the subsidiary exempt from tax	(58.767.438)	7.089.710
Taxable profit	68.381.885	59.950.211
Calculated tax (2009: 20%, 2008: 20%)	(13.676.377)	(11.990.042)
Effects of undeductible expenses	(129.063)	(204.496)
Dividend and other tax exempt income/expenses	237.600	776.264
Effect of carry forward tax losses	(137.848)	(496.535)
Effect of share in net profit/(loss) of investments accounted for under equity method	476.808	872.781
Others	8.526	77.157
Tax benefit/(charge)	(13.220.354)	(10.964.871)

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36. EARNINGS PER SHARE

As of 31 December 2009 and 31 December 2008, the Company's weighted average number of shares and computation of (loss)/earnings per share is as follows:

Earnings per share	1 January-31 December 2009	1 January-31 December 2008
Average number of shares in circulation throughout the period (total)	119.387.000	119.387.000
Profit/(loss) for the period attributable to equity holders of the parent	68.498.460	44.705.601
Earnings/(losses) per share from continued and discontinued operations	**0,5738**	**0,3745**
Net profit/(loss) for the period attributable to equity holders of the parent	68.498.460	44.705.601
Less: Net profit/(loss) for the period from discontinued operations	-	-
Net profit/(loss) for the period from continued operations	68.498.460	44.705.601
Net profit/(loss) for the period from continued operations	**68.498.460**	**44.705.601**
Net profit/(loss) for the period from discontinued operations	-	-
Diluted earnings/(losses) per share	**0,5738**	**0,3745**
Earnings/(losses) per share from continued operations	0,5738	0,3745
Earnings per share from discontinued operations	-	-
Total Comprehensive Income	**120.022.932**	**35.310.17**
Total comprehensive income attributable to equity holders of the parent	74.147.546	38.593.124
Earnings per share from total comprehensive income	0,6211	0,3233

37. RELATED PARTY TRANSACTIONS

The immediate parent and ultimate controlling party of the Group is Türkiye İş Bankası A.Ş. incorporated in Turkey. Transactions between the Company and its subsidiaries, which are the related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. The details of transactions between the Group and other related parties are disclosed below.

Bank balances with İş Bankası	31 December 2009	31 December 2008
Demand deposits	1.452.297	130.413
Time deposits	203.094.055	208.384.000
	204.546.352	**208.514.413**

Borrowings from İş Bankası	31 December 2009	31 December 2008
Loans	4.715.767	-
	4.715.767	**-**

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	31 December 2009							
	Receivables				Payables			
	Current		Non-current		Current		Non-current	
Due from/to related parties	Trading	Non-trading	Trading	Non-trading	Trading	Non-trading	Trading	Non-trading
İş Merkezleri Yönetim ve İşletim A.Ş.(*)	4.129	2.603	-	-	-	246.961	-	-
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	1.475	-	-	-	-	-	-	-
T. İş Bankası A.Ş. (*)	266.249	-	-	-	-	46.145	-	-
T. İş Bankası A.Ş. (Foreign Mutual Funds)	111.355	-	-	-	-	-	-	-
Turkish Derivatives Exchange (*)	-	-	-	-	-	251.303	-	-
İş Net Elektronik Bilgi Üretim A.Ş.	-	-	-	-	-	7.580	-	-
Probil Bilgi İşlem Destek Danışmanlık A.Ş.	-	-	-	-	-	13.209	-	-
T. Şişe ve Cam Fabrikaları A.Ş.	-	-	-	-	7.318	-	-	-
Anadolu Anonim Türk Sigorta Şirketi (*)	249.195	42.858	-	-	317	36.621	-	-
Anadolu Hayat Emeklilik A.Ş.	777.512	-	-	-	-	-	-	-
Milli Reasürans T.A.Ş.	182.509	-	-	-	-	-	-	-
Şişecam Sigorta ve Aracılık Hizmetleri A.Ş.	-	-	-	-	-	2.204	-	-
Türkiye İş Bankası A.Ş. Mensupları Emekli Sandığı Vakfı	2.703	-	-	-	-	-	-	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş. (*)	41.267	3.338	-	-	-	-	-	-
İş Bankası (Commissions from Mutual Funds)	423	-	-	-	-	-	-	-
Receivables from employees	-	-	-	-	-	221	-	-
Others	23	17.279	-	-	-	1.931	-	-
	1.636.840	66.078	-	-	7.635	606.175	-	-

(*) The amount of TL 46.196 of non-trading receivables from related parties refers to prepaid expenses presented in other current assets in Note 26.
The amount of TL 264.950 of non-trading payables to related parties refers to expense accruals presented in other current liabilities in Note 26.

	1 January-31 December 2009		
Related party transactions (revenues)	Fee and brokerage commission income	Interest income on time deposits	Dividends received
T. İş Bankası A.Ş.	24.738.407	20.468.075	-
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	241.318	-	977.528
Miltaş Sigorta Aracılığı A.Ş.	12	-	-
Miltaş Turizm İnşaat Ticaret A.Ş.	313	-	-
T. Şişe ve Cam Fabrikaları A.Ş.	42.589	-	-
Milli Reasürans T.A.Ş.	579.212	-	-
Yatırım Finansman Menkul Değerler A.Ş.	6.059	-	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	92.777	-	246.058
Anadolu Cam Sanayi A.Ş.	52.800	-	-
Trakya Cam Sanayi A.Ş.	52.800	-	-
Soda Sanayi A.Ş.	13.500	-	-
Anadolu Hayat Emeklilik A.Ş.	7.572.936	-	-
Anadolu Anonim Türk Sigorta Şirketi	760.736	-	-
ISE Settlement and Custody Bank Inc	-	-	272.067
Turkish Derivatives Exchange	-	-	182.259
T. İş Bankası A.Ş. (Foreign Mutual Funds)	412.949	-	-
Others	2.183	-	-
	34.568.591	20.468.075	1.677.912

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	1 January-31 December 2009										
Related party transactions (expenses)	Letters of guarantee commission expenses	Custody commission expenses	Interest on borrowings	Finance lease interest expenses	Banking transaction commission expenses	Personnel health insurance contributions	Office insurance expenses	Rent expenses	Administrative expenses	Service expenses	Dividends paid
T. İş Bankası A.Ş.	37.618	37.734	161.688	-	533.528	-	-	-	91.772	-	-
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	-	-	-	-	4.577	-	-	-	-	-	-
İş Finansal Kiralama A.Ş.	-	-	-	772	-	-	-	-	-	-	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-	-	-	-	-	43.729	2.591.200	3.020	-	-
Anadolu Anonim Türk Sigorta Şirketi	-	-	-	-	-	519.431	59.696	-	60.638	-	-
Anadolu Hayat Emeklilik A.Ş.	-	-	-	-	-	14.421	-	-	37.694	-	260.891
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	-	-	-	-	-	-	1.653.671	-	-
T. Şişe ve Cam Fabrikaları A.Ş.	-	28.201	-	-	-	-	-	-	6.184	38.665	-
TT&TİM İletişim Hizmetleri A.Ş.	-	-	-	-	-	-	-	-	4.715	-	-
İş Net Elektronik Hizmetler A.Ş.	-	-	-	-	-	-	-	-	-	116.538	-
Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş	-	-	-	-	-	-	-	-	-	4.248	-
Anadolu Cam Sanayi A.Ş.	-	1.393	-	-	-	-	-	-	-	-	-
Trakya Cam Sanayi A.Ş.	-	443	-	-	-	-	-	-	-	-	-
Camiş Madencilik A.Ş.	-	455	-	-	-	-	-	-	-	-	-
Camiş Yatırım Holding A.Ş.	-	-	-	-	-	-	-	-	-	-	1.304
Türkiye Sınaî Kalkınma Bankası A.Ş	-	-	-	-	-	-	-	-	-	-	65.223
Probil Bilgi İşlem Destek Danışmanlık A.Ş.	-	-	-	-	-	-	-	-	-	37.263	-
ISE Settlement and Custody Bank Inc	-	1.137.427	-	-	930.337	-	-	-	-	-	-
Yatırım Finansman A.Ş.	-	-	-	-	-	-	-	-	-	-	63.918
Türkiye İş Bankası A.Ş. Mensupları Emekli Sandığı Vakfı	-	-	-	-	-	-	-	222.084	-	-	-
Turkish Derivatives Exchange	-	-	-	-	3.765.137	-	-	-	-	-	-
	37.618	1.205.653	161.688	772	5.233.579	533.852	103.425	2.813.284	1.857.694	196.714	391.336

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	31 December 2008							
	Receivables				Payables			
	Current		Non-current		Current		Non-current	
Due from/to related parties	Trading	Non-trading	Trading	Non-trading	Trading	Non-trading	Trading	Non-trading
İş Merkezleri Yönetim ve İşletim A.Ş.	550	1.664	-	-	-	251.604	-	-
T. İş Bankası A.Ş. (Foreign Mutual Funds)	108.929	41	-	-	-	37.230	-	-
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	-	-	-	-	-	-	-	-
Anadolu Anonim Türk Sigorta Şirketi	88.079	25.447	-	-	-	399.343	-	-
Milli Reasürans T.A.Ş.	252.696	-	-	-	-	-	-	-
T. İş Bankası A.Ş.	1.459.987	-	-	-	7.621	-	-	-
Paşabahçe Cam San. ve Tic. A.Ş.	-	-	-	-	-	-	-	-
Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	-	477	-	-	-	-	-	-
Şişecam Sigorta ve Aracılık Hizmetleri A.Ş.	-	1.525	-	-	-	803	-	-
T. Şişe ve Cam Fabrikaları A.Ş.	-	-	-	-	-	2.423	-	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	4.712	3.919	-	-	-	-	-	-
İş Net Elektronik Bilgi Üretim A.Ş.	-	-	-	-	-	4.077	-	-
Trakya Cam Sanayi A.Ş.	-	-	-	-	-	-	-	-
İş Bankası (Commissions from Mutual Funds)	-	-	-	-	-	-	-	-
İş Finansal Kiralama A.Ş	-	-	-	-	-	185	-	-
Others	553.503	-	-	-	-	132	-	-
	2.468.456	33.073	-	-	7.621	695.797	-	-

	1 January-31 December 2008				
Related party transactions (revenues)	Fee and brokerage commission income	Interest income on time deposits	Dividends received	Gain on sale of subsidiaries	Technical assistance income
T. İş Bankası A.Ş.	12.711.641	29.223.390	30	-	372.738
İş Net Elektronik Bilgi Üretim A.Ş.	7	-	-	-	-
Milli Reasürans T.A.Ş.	532.861	-	-	-	-
T. Şişe ve Cam Fabrikaları A.Ş.	12.000	-	-	-	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	43.559	-	257.720	-	-
Yatırım Finans Menkul Değerler A.Ş.	285	-	-	-	-
Efes Holding A.Ş.	9	-	-	-	-
Anadolu Hayat Emeklilik A.Ş.	4.980.675	-	-	-	-
Anadolu Anonim Türk Sigorta Şirketi	366.911	-	-	-	-
T. İş Bankası A.Ş. Mensupları Emekli San. Vakfı	5.033	-	-	-	-
Paşabahçe Cam San ve Tic. A.Ş.	60.910	-	-	-	-
T. İş Bankası A.Ş. (Foreign Mutual Funds)	482.974	-	-	-	-
Anadolu Cam Sanayi A.Ş.	32.000	-	-	-	-
Trakya Cam Sanayi A.Ş.	32.000	-	-	-	-
Soda Sanayi A.Ş.	12.000	-	-	-	-
Turkish Derivatives Exchange	3.674	-	28.340	-	-
Others	24	-	-	-	-
	19.276.563	29.223.390	286.090	-	372.738

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Related party transactions (expenses)	Letters of guarantee commission expenses	Custody commission expenses	Interest expense on borrowings	Finance lease interest expenses	Banking transaction commission expenses	Personnel health insurance contributions	Rent expenses	Administrative expenses	Service expenses
T. İş Bankası A.Ş.	16.639	36.698	54.350	-	230.042	12.475	155.757	71.190	-
İş Finansal Kiralama A.Ş.	-	-	-	3.325	-	-	-	-	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-	-	-	-	-	2.063.440	14.186	-
Anadolu Anonim Türk Sigorta Şirketi	-	-	-	-	-	644.748	-	-	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	-	-	-	-	-	1.436.696	-
İş Net Elektronik Hizmetler A.Ş.	-	-	-	-	-	-	-	27.979	13.684
Probil Bilgi İşlem Destek Danışmanlık A.Ş.	-	-	-	-	-	-	-	34.215	-
T. Şişe ve Cam Fabrikaları A.Ş.	-	-	-	-	-	-	-	29.703	-
Anadolu Hayat Emeklilik A.Ş.	-	-	-	-	-	-	-	-	-
Beyaz Oto Kiralama A.Ş	-	-	-	-	-	-	66.495	-	-
Others	-	-	-	-	2.095.583	-	-	66.869	-
	16.639	36.698	54.350	3.325	2.325.625	657.223	2.285.692	1.680.838	13.684

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Compensation of key management personnel	1 January-31 December 2009	1 January-31 December 2008
Salaries and other short-term benefits	5.637.663	4.918.141
	5.637.663	4.918.141

Key management personnel consist of 45 people; members of Board of Directors (26), members of audit committee (8), assistant general managers (8), and general managers (3).

38. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Capital Risk Management:

In its capital management, while the Group maintains to continue its operations on a going concern basis, it also maximizes its return through the optimization of the debt and equity balance.

The funding structure of the Group consists of debt, which includes the borrowings disclosed in Note 8, cash and cash equivalents and equity comprising issued capital, reserves and retained earnings.

The Group's Board of Directors reviews the capital structure on a monthly basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of equity. Based on the recommendations of the Board of Directors, the Group balances its overall capital structure through the payment of dividends, new share issues and investment in shares of associates and subsidiaries as well as issuance of a new debt or the redemption of an existing debt.

The Group continues its general capital risk management strategy since 2007.

Financial Risk Factors:

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the uncertainty of financial markets and seeks to minimize the potential negative effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Risk Management Department, which is independent from steering, under policies approved by the Board of Directors. The Group's Risk Management Department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board sets out written principles for overall risk management, as well as written policies covering specific areas, such as; foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit risk is mitigated by receiving equity shares of listed entities as collateral in accordance with the legal requirements of the CMB against credit lines utilized by customers. The Group's credit risk is predominantly in Turkey, where it operates.

Interest rate risk management

The Group is exposed to interest rate risk due to volatile market prices of its financial assets at both fixed and floating interest rates. The Group's exposure to interest rate risk sensitivity depends on the mismatch among maturities of interest rate sensitive assets and liabilities. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate assets and liabilities.

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Group's interest rate sensitive financial instruments' allocations on respective balance sheet dates are presented below.

	31 December 2009			
Financial assets	Floating interest	Fixed interest	Non-interest bearing	Total
Cash and cash equivalents	4.261.215	1.360.336.392	7.227.492	1.371.825.099
Financial investments at fair value through profit and loss	51.418.183	223.869.335	105.168.807	380.456.325
Available for sale investments	-	-	13.952.204	13.952.204
Held to maturity financial assets	18.208.365	-	-	18.208.365
Trade receivables (*)	81.881.256	-	510.187.625	592.068.881
Financial liabilities				
Financial payables	980.000	1.321.813.993	-	1.322.793.993
Other financial payables	89.629	-	2.468.315	2.557.944
Trade payables (*)	-	-	597.624.644	597.624.644

(*) Since the balance regarding to "Receivables from clearing houses on derivative transactions" presented in trade receivables of assets of the consolidated balance sheet is netted off by "Payables to clearing houses on derivative transactions" presented in trade payables of liabilities, the balances related to these items are presented as "Non-interest bearing" financial assets and financial liabilities in the table above.

	31 December 2008			
Financial assets	Floating interest	Fixed interest	Non-interest bearing	Total
Cash and cash equivalents	49.937	930.628.666	2.371.284	933.049.887
Financial investments at fair value through profit and loss	65.069.966	109.217.693	62.182.511	236.470.170
Available for sale investments	-	-	7.544.651	7.544.651
Held to maturity financial assets	9.619.819	-	-	9.619.819
Trade receivables(*)	59.604.801	-	177.955.058	237.559.859
Financial liabilities				
Financial payables	-	889.267.721	-	889.267.721
Other financial payables	2.921.747	-	-	2.921.747
Trade payables(*)	-	-	166.592.286	166.592.286

The Group's exposure to interest rate risk and market price risk are related to fixed income financial assets classified as financial assets at fair value through profit or loss. Based on the analysis calculated by the Group, if the interest rate for TL were increased/decreased by 1% with the assumption of keeping all other variables constant, the effect on the fair value of fixed income financial assets and net profit/loss for the period ended as at 31 December 2009 and 31 December 2008 would be as follows:

	31 December 2009			
Type of risk	Risk rate	Direction of risk	Effect on the net profit	Effect on the equity
Interest rate risk	1%	Increase	(664.176)	-
		Decrease	752.261	-

	31 December 2008			
Type of risk	Risk rate	Direction of risk	Effect on the net profit	Effect on the equity
Interest rate risk	1%	Increase	(683.476)	-
		Decrease	646.663	-

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Market risk management

If the Istanbul Stock Exchange Index were increased/decreased by 10% with the assumption of keeping all other variables constant, the effect on the fair value of equity shares and net profit/loss of the Group for the period ended as at 31 December 2009 and 31 December 2008 would be as follows:

		31 December 2009		
Type of risk	Risk rate	Direction of risk	Effect on the net profit	Effect on the equity
Market risk	10%	Increase	7.876.241	569.217
		Decrease	(7.786.241)	(569.217)

		31 December 2008		
Type of risk	Risk rate	Direction of risk	Effect on the net profit	Effect on the equity
Market risk	10%	Increase	6.124.031	362.999
		Decrease	(6.124.031)	(362.999)

Liquidity risk management

Liquidity risk is the Group's default in meeting its net funding liabilities. Events causing a decrease in funding resources such as; market deteriorations or decrease in credit ratings are major reasons of liquidity risk. The Group manages its liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities through a constant monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

The following table details the Group's expected maturity for its non-derivative financial liabilities. The table below has been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will accrue for those liabilities except where the Group is entitled and intense to repay the liability before its maturity. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liability on the balance sheet.

Maturity analysis of assets and liabilities are as follows;

Maturity analysis of assets and liabilities are as follows;

			31 December 2009				
	Current	Less than 1 month	1-3 months	3-12 months	1 year and thereafter	Undistributed	Total
ASSETS							
Cash and cash equivalents	11.488.707	739.535.648	620.800.744	-	-	-	1.371.825.099
Financial investments	120.268.108	130.310	57.501.205	158.748.030	57.760.876	-	394.408.529
Trade receivables	499.132.782	92.936.099	-	-	-	-	592.068.881
Other receivables	63.410	22.628.019	-	-	-	-	22.691.429
Other current/non-current assets	-	62.065	702.184	6.541.635	-	-	7.305.884
Long-term financial investments	-	-	-	-	18.208.365	-	18.208.365
Investments accounted for under equity method	-	-	-	-	-	37.214.660	37.214.660
Tangible fixed assets	-	-	-	-	-	8.150.043	8.150.043
Intangible fixed assets	-	-	-	-	-	1.527.344	1.527.344
Deferred tax assets	-	-	-	-	-	1.119.220	1.119.220
Total assets	630.953.007	855.292.141	679.004.133	165.289.665	75.969.241	48.011.267	2.454.519.454
LIABILITIES							
Financial liabilities	-	866.998.586	455.795.407	-	-	-	1.322.793.993
Other financial liabilities	2.468.315	24.384	63.194	2.051	-	-	2.557.944
Trade payables	471.108.722	116.582.906	-	-	9.933.016	-	597.624.644
Other payables	753	5.432.955	-	1.158	-	-	5.434.866
Current tax payable	-	-	1.434.617	-	-	-	1.434.617
Provisions	515.000	971	-	-	-	13.335	529.306
Provisions related to employee benefits	-	-	-	-	-	5.217.438	5.217.438
Other current liabilities	-	1.552.457	1.766.387	-	-	-	3.318.844
Deferred tax liabilities	-	-	-	-	-	-	-
Total liabilities	474.092.790	990.592.259	459.059.605	3.209	9.933.016	5.230.773	1.938.911.652
Shareholders' Equity	-	-	-	-	-	344.180.287	344.180.287
Minority interest	-	-	-	-	-	181.427.515	181.427.515
Liquidity surplus/(gap)	156.860.217	(135.300.118)	219.944.528	165.286.456	66.036.225	(472.827.308)	-

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	31 December 2008						
	Current	Less than 1 month	1-3 months	3-12 months	1 year and thereafter	Undistributed	Total
ASSETS							
Cash and cash equivalents	2.511.887	382.265.486	548.272.514	-	-	-	933.049.887
Financial investments	65.514.677	13.779.110	30.769.007	92.152.007	41.800.020	-	244.014.821
Trade receivables	148.181.088	89.378.771	-	-	-	-	237.559.859
Other receivables	201.520	1.894.921	43.826	-	-	-	2.140.267
Other current/non-current assets	-	-	939.112	10.859.024	369.506	-	12.167.642
Long-term financial investments	-	-	-	-	9.619.819	-	9.619.819
Investments accounted for under equity method	-	-	-	-	-	35.802.580	35.802.580
Tangible fixed assets	-	-	-	-	-	5.578.973	5.578.973
Intangible fixed assets	-	-	-	-	-	1.301.180	1.301.180
Deferred tax assets	-	-	-	-	-	1.604.365	1.604.365
Total assets	216.409.172	487.318.288	580.024.459	103.011.031	51.789.345	44.287.098	1.482.839.393
LIABILITIES							
Financial liabilities	-	356.491.358	532.776.363	-	-	-	889.267.721
Other financial liabilities	919.500	-	2.002.247	-	-	-	2.921.747
Trade payables	92.284.590	74.307.696	-	-	-	-	166.592.286
Other payables	753	6.612.424	-	989	24.210	-	6.638.376
Current tax payable	-	-	644.443	-	-	-	644.443
Provisions	-	21.471	-	-	-	364.665	386.136
Provisions related to employee benefits	-	-	2.742.095	591.640	-	1.265.522	4.599.257
Other current liabilities	-	1.768.421	45.005	45.970	-	-	1.859.396
Total liabilities	93.204.843	439.201.370	538.210.153	638.599	24.210	1.630.187	1.072.909.362
Shareholders' Equity	-	-	-	-	-	272.688.675	272.688.675
Minority interest	-	-	-	-	-	137.241.356	137.241.356
Liquidity surplus/(gap)	123.204.329	48.116.918	41.814.306	102.372.432	51.765.135	(367.273.120)	-

	31 December 2009						
Maturities	Carrying value	Adjustments	Total cash outflow (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities							
Bank loans	189.233.745	-	189.233.745	189.233.745	-	-	-
Finance lease payables	-	-	-	-	-	-	-
Trade payables	597.624.644	-	597.624.644	597.624.644	-	-	-
Payables to Stock Exchange Money Market	1.133.560.248	(4.975.747)	1.138.535.995	1.138.535.995	-	-	-
Total	1.920.418.637	(4.975.747)	1.925.394.384	1.925.394.384	-	-	-

	31 December 2009						
Maturities	Carrying value	Adjustments	Total cash outflow (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Derivative financial instruments							
Derivative cash inflows	47.883.644	474.308	47.409.336	45.853.464	1.555.872	-	-
Derivative cash outflows	(51.878.589)	32.928	(51.911.517)	(51.002.395)	(909.122)	-	-

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	31 December 2008						
	Carrying value	Adjustments	Total cash outflow (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities							
Bank loans	-	-	-	-	-	-	-
Finance lease payables	-	-	-	-	-	-	-
Trade payables	166.592.286	-	166.592.286	166.592.286	-	-	-
Payables to Stock Exchange Money Market	889.267.721	(11.919.729)	901.187.450	901.187.450	-	-	-
Total	1.055.860.007	(11.919.729)	1.067.779.736	1.067.779.736	-	-	-

	Carrying value	Adjustments	Total cash outflow (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Derivative financial instruments							
Derivative cash inflows	76.076.453	(385.074)	76.461.527	76.393.473	68.054	-	-
Derivative cash outflows	(93.128.042)	1.314.258	(94.442.300)	(94.244.189)	-	(198.111)	-

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Foreign currency risk management

Foreign currency risk is the risk of volatility in the foreign currency denominated monetary assets, monetary liabilities and off-balance sheet liabilities due to changes in currency exchange rates. The breakdown of the Group's foreign currency denominated monetary assets and monetary liabilities as of 31 December 2009 are as follows:

		31 December 2009					
		TL Equivalent	USD	Euro	Yen	GBP	Other
1.	Trade receivables	35.788.906	23.651.113	59.847	-	20.148	-
2a.	Monetary financial assets	5.197.708	2.425.745	714.300	-	-	-
2b.	Non-monetary financial assets	1.991.415	186.677	791.712	-	-	-
3.	Other	-	-	-	-	-	-
4.	Current assets	42.978.029	26.263.535	1.565.859	-	20.148	-
5.	Trade receivables	-	-	-	-	-	-
6a.	Monetary financial assets	-	-	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-	-	-
7.	Other	-	-	-	-	-	-
8.	Non-current assets	-	-	-	-	-	-
9.	Total Assets	42.978.029	26.263.535	1.565.859	-	20.148	-
10.	Trade payables	-	-	-	-	-	-
11.	Financial liabilities	37.044.488	24.439.627	82.623	-	28.148	-
12a.	Other monetary liabilities	-	-	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-	-	-
13.	Short-term liabilities	37.044.488	24.439.627	82.623	-	28.148	-
14.	Trade payables	-	-	-	-	-	-
15.	Financial liabilities	-	-	-	-	-	-
16a.	Other monetary liabilities	-	-	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-	-	-
17.	Long-term liabilities	-	-	-	-	-	-
18.	Total liabilities	37.044.488	24.439.627	82.623	-	28.148	-
19.	Off-balance sheet derivative instruments' net asset/(liability) position (19a-19b)	766.436	(811.989)	479.000	-	-	-
19a.	The amount of long-position off-balance sheet derivative instruments denominated in foreign currency	28.726.615	13.500.512	3.000.000	-	312.476	-
19b.	The amount of short-position off-balance sheet derivative instruments denominated in foreign currency	27.960.179	14.312.501	2.521.000	-	312.476	-
20	Net foreign currency asset/(liability) position (9-18+19)	6.699.977	1.011.919	1.962.236	-	(8.000)	-
21.	Net foreign currency asset/(liability) (position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	3.942.126	1.637.231	691.524	-	(8.000)	-
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-	-
23.	Hedged portion of foreign currency assets	-	-	-	-	-	-
24.	Hedged portion of foreign currency liabilities	-	-	-	-	-	-

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Foreign currencies or receivables and payables denominated in foreign currencies as of 31 December 2008 are as follows:

		31 December 2008					
		TL Equivalent	USD	Euro	Yen	GBP	Other
1.	Trade receivables	-	-	-	-	-	-
2a.	Monetary financial assets	4.925.460	2.743.796	177.893	-	-	-
2b.	Non-monetary financial assets	2.305.462	675.118	600.000	-	-	-
3.	Other	-	-	-	-	-	-
4.	Current assets	7.230.922	3.418.914	777.893	-	-	-
5.	Trade receivables	-	-	-	-	-	-
6a.	Monetary financial assets	-	-	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-	-	-
7.	Other	-	-	-	-	-	-
8.	Non-current assets	-	-	-	-	-	-
9.	Total Assets	7.230.922	3.418.914	777.893	-	-	-
10.	Trade payables	-	-	-	-	-	-
11.	Financial liabilities	-	-	-	-	-	-
12a.	Other monetary liabilities	-	-	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-	-	-
13.	Short-term liabilities	-	-	-	-	-	-
14.	Trade payables	-	-	-	-	-	-
15.	Financial liabilities	-	-	-	-	-	-
16a.	Other monetary liabilities	-	-	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-	-	-
17.	Long-term liabilities	-	-	-	-	-	-
18.	Total liabilities	-	-	-	-	-	-
19.	Off-balance sheet derivative instruments' net asset/(liability) position (19a-19b)	310.021	205.000	-	-	-	-
19a.	The amount of long-position off-balance sheet derivative instruments denominated in foreign currency	72.501.174	47.941.000	-	-	-	-
19b.	The amount of short-position off-balance sheet derivative instruments denominated in foreign currency	72.191.153	47.736.000	-	-	-	-
20	Net foreign currency asset/(liability) position (9-18+19)	7.540.943	3.623.914	777.893	-	-	-
21.	Net foreign currency asset/(liability) (position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	4.925.460	2.743.796	177.893	-	-	-
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-	-
23.	Hedged portion of foreign currency assets	-	-	-	-	-	-
24.	Hedged portion of foreign currency liabilities	-	-	-	-	-	-

Based on the balance sheets positions as of 31 December 2009 and 31 December 2008, if the value the Turkish Lira would increase or decrease by 10% against other hard currencies assuming each other variables remained constant, the Group's net profit or loss would change due to foreign currency gains or losses of financial assets and liabilities denominated in foreign currencies as follows:

		31 December 2009		
Type of risk	Risk rate	Direction of risk	Effect on the net profit	Effect on the equity
Foreign currency risk	10%	Increase	1.215.566	181.051
		Decrease	(1.091.268)	(181.051)

		31 December 2008		
Type of risk	Risk rate	Direction of risk	Effect on the net profit	Effect on the equity
Foreign currency risk	10%	Increase	6.514.499	388.211
		Decrease	(7.102.259)	(388.211)

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39. FINANCIAL INSTRUMENTS

Categories of Financial Instruments:

31 December 2009	Other financial assets measured with effective interest method	Loans and receivables	Available for sale financial assets	Financial assets and liabilities at fair value through profit or loss	Other financial liabilities measured with effective interest method	Carrying Amount	Fair Value	Note
Financial assets								
Cash and cash equivalents	1.367.563.884	-	-	4.261.215	-	1.371.825.099	1.371.825.099	6
Trade receivables	-	592.068.881	-	-	-	592.068.881	592.068.881	10
Financial investments	18.208.365	-	13.952.204	380.456.325	-	412.616.894	412.616.894	7
Financial liabilities								
Financial liabilities	-	-	-	-	1.322.793.993	1.322.793.993	1.322.793.993	8
Trade payables	-	-	-	-	597.624.644	597.624.644	597.624.644	10
Other financial liabilities	-	-	-	2.557.944	-	2.557.944	2.557.944	9
31 December 2008								
Financial assets								
Cash and cash equivalents	932.999.950	-	-	49.937	-	933.049.887	933.049.887	6
Trade receivables	-	237.599.859	-	-	-	237.559.859	237.559.859	10
Financial investments	9.619.819	-	7.544.651	236.470.170	-	253.634.640	253.634.640	7
Financial liabilities								
Financial liabilities	-	-	-	-	889.267.721	889.267.721	889.267.721	8
Trade payables	-	-	-	-	166.592.286	166.592.286	166.592.286	10
Other financial liabilities	-	-	-	2.921.747	-	2.921.747	2.921.747	9

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Fair Value of Financial Instruments:

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arms length transaction.

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

There is no active market for loans in order to obtain available comparative market price and these instruments are discounted or subject to transaction costs when they are sold or utilized before their maturities. Fair value of these instruments could not be estimated due to the lack of necessary reliable market data. Accordingly, the carrying amount of such instruments is deemed to be a consistent indicator of the fair value.

The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practicable to estimate fair value:

Financial Assets:

Carrying amounts of financial assets measured at amortized cost including cash and cash equivalents and other financial assets approximate their fair values due to their short-term nature and the assumption of immaterial potential losses in exchange of these assets.

Market prices are used in determination of fair values of government bonds, treasury bills and equity shares.

Financial Liabilities:

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

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

	31 December 2009			
Financial assets at fair value through profit and loss	Total	Category 1	Category 2	Category 3
Equity shares	95.850.621	95.850.621	-	-
Government bonds and Treasury bills	238.457.153	238.457.153	-	-
Foreign currency securities	206.364	206.364	-	-
Private sector bonds	35.282.933	35.282.933	-	-
Mutual funds	10.465.287	10.465.287	-	-
Income accruals of derivative instruments	193.967	-	193.967	-
Available for sale financial assets	13.952.204	11.094.322	-	2.857.882
Held to maturity financial assets	18.208.365	-	-	18.208.365
Total	412.616.894	391.356.680	193.967	21.066.247

	31 December 2008			
Financial assets at fair value through profit and loss	Total	Category 1	Category 2	Category 3
Equity shares	54.077.043	54.077.043	-	-
Government bonds and Treasury bills	113.133.024	113.133.024	-	-
Foreign currency securities	929.302	929.302	-	-
Private sector bonds	56.696.457	36.538.457	-	20.158.000
Mutual funds	10.793.542	10.793.542	-	-
Income accruals of derivative instruments	840.802	-	840.802	-
Available for sale financial assets	7.544.651	4.686.769	-	2.857.882
Held to maturity financial assets	9.619.819	-	-	9.619.819
Total	253.634.640	220.158.137	840.802	32.635.701

The fair value of financial assets and liabilities are determined as follows:

- First category: Implies that in determining the fair values of assets and liabilities, active market trading price is used for valuation purposes.
- Second category: 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 category: Implies that in determining the fair values of assets and liabilities, data not based on market observation is used for valuation purposes.

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Exposed credit risks through types of financial instruments:

	31 December 2009									
	Receivables				Cash and cash equivalents					
	Trade Receivables		Other Receivables							
	Related parties	Third parties	Related parties	Third parties	Financial assets	Bank deposits	Reverse repo	B type liquid mutual funds	Receivables from money markets	Other
Maximum credit risk exposure as of report date	1.636.840	590.432.041	19.882	22.671.547	412.616.894	1.351.935.772	15.622.217	4.261.215	-	4.590.300
The part of maximum risk under guarantee with collateral etc.	-	455.570.512	-	-	256.665.518	-	15.622.217	-	-	4.590.300
A. Net book value of financial assets that are neither past due nor impaired	1.636.840	590.432.041	19.882	22.671.547	412.616.894	1.351.935.772	15.622.217	4.261.215	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-	-	-	-	-
-the part under guarantee with collateral etc	-	-	-	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-	-	-	-
-Past due (gross carrying amount)	-	-	-	-	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-	-	-	-
-The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-	-
-Not past due (gross carrying amount)	-	-	-	-	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-	-	-	-
-The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-	-	-	4.590.300

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31 December 2008										
	Receivables				Cash and cash equivalents					
	Trade Receivables		Other Receivables							
	Related parties	Third parties	Related parties	Third parties	Financial assets	Bank deposits	Reverse repo	B type liquid mutual funds	Receivables from money markets	Other
Maximum credit risk exposure as of report date	2.468.456	235.091.403	33.073	2.107.194	253.634.640	910.277.249	22.583.027	49.937	120.048	4.536.900
The part of maximum risk under guarantee with collateral etc.	-	129.651.896	-	-	122.752.843	-	22.583.027	-	-	4.536.900
A. Net book value of financial assets that are neither past due nor impaired	2.468.456	235.091.403	33.073	2.107.194	253.634.640	910.277.249	22.583.027	49.937	120.048	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-	-	-	-	-
-the part under guarantee with collateral etc	-	-	-	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-	-	-	-
-Past due (gross carrying amount)	-	-	-	-	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-	-	-	-
-The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-	-
-Not past due (gross carrying amount)	-	-	-	-	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-	-	-	-
-The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-	
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-	-	-	4.536.900

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40. SUBSEQUENT EVENTS

In accordance with the decision of the General Assembly dated 18 January 2010 and the permission of the Capital Markets Board dated 24 December 2009, the Company has started to apply registered capital ceiling system for the periods from 2009 to 2013. The registered capital of the Company is TL 300.000.000 and is divided into 300.000.000 shares with a nominal par value of TL 1 each.

In accordance with the decision of the Board of Directors numbered 826 and dated 29 January 2010, the Company has decided to issue the ISE National 30 Index Call Warrant with a nominal value of TL 25.000.000 and a maturity of 6 months and issue the ISE National 30 Index Put Warrant with a nominal value of TL 25.000.000 and a maturity of 6 months. As of the date of this report the process related to issuance of these is ongoing.

In accordance with the permission of the Capital Markets Board numbered 834 and dated 25 February 2010, it has been decided to open a new branch in Bursa with title "İş Yatırım Menkul Değerler A.Ş. Bursa Şubesi".

41. OTHER ISSUES THAT SIGNIFICANTLY EFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS

None.

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