

İŞ PORTFÖY YÖNETİMİ A.Ş.

AUDITED FINANCIAL STATEMENTS
AND DISCLOSURES
FOR THE YEAR ENDED
31 DECEMBER 2008

*(Translated into English from
the Original Turkish Report)*

Convenience Translation of the Independent Auditors' Report
Originally Issued in Turkish

To the Board of Directors of
İş Portföy Yönetimi A.Ş.

İŞ PORTFÖY YÖNETİMİ A.Ş.

**INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY 2008-31 DECEMBER 2008**

We have audited the accompanying financial statements of İş Portföy Yönetimi A.Ş. which comprise the balance sheet as at 31 December 2008, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

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 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the the accompanying financial statements give a true and fair view of the financial position of İş Portföy Yönetimi A.Ş. as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with financial reporting standards published by Capital Markets Board.

Additional paragraph for English translation:

The effect of the differences between the accounting principles summarized in Note 2 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS, principally with respect to the accounting for the effects of hyperinflation and presentation. Accordingly, the accompanying financial statements are not intended to present financial position of İş Portföy A.Ş. and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

Istanbul, 6 March 2009

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

Sibel Türker
Partner

İŞ PORTFÖY YÖNETİMİ A.Ş.

AUDITED BALANCE SHEET AS AT 31 DECEMBER 2008

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

ASSETS	Note	31 December 2008	31 December 2007
Current Assets		34,723,953	28,382,731
Cash and cash equivalents	6	26,575,353	24,256,722
Financial assets	7	5,476,343	3,247,310
Trade receivables	10	2,487,150	748,001
- Due from related parties		2,467,906	715,291
- Other trade receivables		19,244	32,710
Other receivables	11	-	637
Other current assets	26	185,107	130,061
Non-Current Assets		1,142,264	858,158
Trade receivables	10	-	-
Other receivables	26	43,195	-
Financial assets	7	-	-
Property and equipment	18	474,037	439,575
Intangible assets	19	444,380	316,311
Deferred tax assets	35	180,652	102,272
Other non-current assets	26	-	-
TOTAL ASSETS		35,866,217	29,240,889

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

İŞ PORTFÖY YÖNETİMİ A.Ş.

AUDITED BALANCE SHEET AS AT 31 DECEMBER 2008

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

LIABILITIES	Note	31 December 2008	31 December 2007
Current Liabilities		1,353,465	928,424
Financial liabilities	8	-	-
Other financial liabilities	9	-	-
Trade payables	10	251	6,740
Other payables	11	140,995	115,941
Current tax payable	35	644,443	210,425
Provisions	22	-	-
Provisions related to employee benefits	24	527,000	500,000
Other short term liabilities	26	40,776	95,318
Non-Current Liabilities		82,035	63,184
Financial liabilities	8	-	-
Other financial liabilities	9	-	-
Trade payables	10	-	-
Other payables	11	-	-
Provisions	22	-	-
Provisions related to employee benefits	24	82,035	63,184
Deferred tax liabilities	35	-	-
Other long term liabilities	26	-	-
SHAREHOLDERS' EQUITY		34,430,717	28,249,281
Paid-in capital	27	21,000,000	21,000,000
Inflation adjustment to share capital		-	-
Premium in excess of par		-	-
Valuation funds	27	(1,763,722)	(187,139)
Foreign currency translation reserve		-	-
Restricted reserves appropriated from profits	27	1,904,951	1,671,764
Retained earnings	27	4,645,359	763,504
Net profit for the period		8,644,129	5,001,152
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		35,866,217	29,240,889

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

İŞ PORTFÖY YÖNETİMİ A.Ş.

AUDITED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2008

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

	Note	1 January - 31 December 2008	1 January - 31 December 2007
CONTINUING OPERATIONS			
Operating income	28	11,732,975	7,625,992
GROSS PROFIT/LOSS		11,732,975	7,625,992
Marketing, sales and distribution expense (-)	29	(395,414)	(270,904)
General administrative expense (-)	29	(5,680,870)	(5,227,765)
Other operating income	31	19,470	10,532
Other operating expenses (-)	31	-	-
OPERATING PROFIT / LOSS		5,676,161	2,137,855
Finance income	32	5,296,903	4,210,928
Finance expense (-)	33	(153,832)	(81,888)
PROFIT / (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES		10,819,232	6,266,895
Taxation on continuing operations			
-Current tax benefit/ (charge)	35	(2,170,504)	(1,366,719)
-Deferred tax benefit/ (charge)	35	(4,599)	100,976
PROFIT / (LOSS) FROM CONTINUING OPERATIONS		8,644,129	5,001,152
Earning / (loss) per share from continuing operations		-	-
Diluted earning / (loss) per share from continuing operations		-	-

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

İŞ PORTFÖY YÖNETİMİ A.Ş.

AUDITED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

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

	Note	Paid-in capital	Valuation funds	Restricted reserves appropriated from profits	Net income for the period	Retained earnings	Total
As of 1 January 2007		15,000,000	-	1,278,089	6,704,279	1,952,900	24,935,268
Capital increase	27	6,000,000	-	-	-	(6,000,000)	-
Dividends paid	37	-	-	-	-	(1,500,000)	(1,500,000)
Transfer to retained earnings		-	-	-	(6,704,279)	6,704,279	-
Transfer to reserves		-	-	393,675	-	(393,675)	-
Fair value change in available for sale financial assets (net)	27	-	(187,139)	-	-	-	(187,139)
Net income for period		-	-	-	5,001,152	-	5,001,152
As of 31 December 2007		21,000,000	(187,139)	1,671,764	5,001,152	763,504	28,249,281
As of 1 January 2008		21,000,000	(187,139)	1,671,764	5,001,152	763,504	28,249,281
Dividends paid	37	-	-	-	-	(886,110)	(886,110)
Transfer to retained earnings		-	-	-	(5,001,152)	5,001,152	-
Transfer to reserves		-	-	233,187	-	(233,187)	-
Fair value change in available for sale financial assets (net)	27	-	(1,576,583)	-	-	-	(1,576,583)
Net income for period		-	-	-	8,644,129	-	8,644,129
As of 31 December 2008		21,000,000	(1,763,722)	1,904,951	8,644,129	4,645,359	34,430,717

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

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AUDITED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2008

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

	Note	1 January – 31 December 2008	1 January – 31 December 2007
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period		8,644,129	5,001,152
Adjustments to reconcile net income to net cash provided from operating activities:			
Depreciation of property and equipment	18	183,312	161,072
Amortization of intangible assets	19	28,343	12,419
Gain on sale of property and equipment	31	(17,949)	-
Provisions for employee bonuses	24	497,217	500,000
Retirement pay provision	24	35,523	25,261
Interest accruals on time deposits and reverse repo	6	(11,140)	(12,032)
Income accruals on marketable securities (net)	32	(278,825)	(30,161)
Tax provision	35	2,175,103	1,265,743
Operating cash flow before changes in working capital		<u>11,255,713</u>	<u>6,923,454</u>
Changes in working capital			
Trade receivables	10	(1,739,149)	(21,011)
Other receivables and current assets	11 - 26	(175,984)	322,039
Trade payables	10	(6,489)	(23,156)
Other payables	11	25,054	347,331
Other liabilities	26 - 35	(59,141)	(83,224)
Cash generated from operations		<u>9,300,004</u>	<u>7,465,433</u>
Taxes paid	35	(1,736,486)	(1,541,866)
Employee bonuses paid		(470,217)	(406,488)
Employee termination benefits paid	24	(16,672)	(10,282)
Net cash provided from operating activities		<u>7,076,629</u>	<u>5,506,797</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Changes in financial assets (net)	7 - 27- 32	(3,526,791)	8,324
Purchase of property and equipment and intangible asset	18 - 19	(395,901)	(105,311)
Cash proceeds from sale of property and equipment		39,664	-
Net cash used in investing activities		<u>(3,883,028)</u>	<u>(96,987)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(886,110)	(1,500,000)
Net cash used in financing activities		<u>(886,110)</u>	<u>(1,500,000)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		2,307,491	3,909,810
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	24,244,690	20,334,880
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	<u>26,552,181</u>	<u>24,244,690</u>

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

İş Portföy Yönetimi A.Ş. (“the Company”) was registered with the İstanbul Trade Registry on 23 September 2000 and its foundation was published in the Turkish Trade Registry Gazette number 5168 on 6 November 2000. The Company belongs to İş Bankası Group. Major shareholders are İş Yatırım Menkul Değerler A.Ş. and Anadolu Hayat Emeklilik A.Ş. with 70% and 20% shares in the Company’s capital respectively. The head office of the Company is located at the address of İş Kuleleri, Kule 2 Kat: 3, 34330 4. Levent – İstanbul.

The Company deals with capital market activities in accordance with its Articles of Association and Capital Market Law number 2499 as modified by Law number 3794. The Company manages portfolios, which are made up of the capital market instruments according to the rules of the related regulations and the Capital Market Law by entering into portfolio management agreements with its clients. Additionally, the Company can manage domestic and foreign funds, the portfolios of the investment partnerships, the portfolios of the domestic and foreign real or judicial persons, the portfolios of the investment companies and similar entities. In addition, the Company provides investment consultancy services.

The shares of the Company are not traded on any stock exchange. During the year, the average number of employees of the Company was 38 (31 December 2007: 35).

Approval of the financial statements

Financial statements were approved and authorized to be issued by the Board of Directors on 6 March 2009. General assembly has the authority to change financial statements.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

Basis of Preparation of Financial Statements and Significant Accounting Standards

The Company maintains its books of account and prepares its statutory financial statements in accordance with accounting principles in the Turkish Commercial Code (“TCC”) and tax legislation.

The Capital Markets Board (“CMB”) Communiqué Serial: XI, No: 29 “Communiqué on Financial Reporting Standards in Capital Markets” (“Communiqué Serial: XI, No: 29”) provides principals 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” is annulled with this Communiqué. Based on 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 context, Turkish Accounting / Financial Reporting Standards issued by TASB (“TAS/TFRS”) that are not controversial to the adopted standards shall be taken as a basis in the application.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.1 Basis of Presentation (cont’d)

As the differences between IAS/IFRS as endorsed by the European Union and 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. In this respect, certain reclassifications have been made in the comparative financial statements.

The financial statements have been prepared on the historical cost basis except for the valuation of financial instruments.

Presentation and Functional Currency

The financial statements of the Company are expressed in “TL” which is the currency of the Company’s primary economic environment (“functional currency”).

In accordance with Law No: 5083 “Monetary Unit of the Turkish Republic” (Law No: 5083), the name of the Turkish Republic’s monetary unit and its sub-currency unit is changed to the New Turkish Lira and the New Turkish Cent, respectively. However, in accordance with the additional resolution of the Council of Ministers in regards to the order on the Removal of the phrase “New” in the New Turkish Lira and the New Turkish Cent and Its Application Principles, the phrase “New” used in the Turkish Republic’s monetary unit is removed both from New Turkish Lira and the New Turkish Cent as of 1 January 2009. Therefore the accompanying financial statements are prepared in Turkish Lira (TL).

Preparation of Financial Statements in Hyperinflationary Periods

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

2.2 Changes in the Accounting Policies

The material changes in accounting policies and accounting errors detected are applied retrospectively and prior period financial statements are restated. The Company has made necessary changes in its accounting policies starting from 1 January 2007 in order comply with Communiqué Serial: XI, No: 29. The details of these changes are explained in Note 41.

2.3 Changes in the Accounting Estimates and Errors

The Company prepared its financial statements in accordance with Communiqué Serial: XI, No: 29 commencing from the first interim financial statements prepared subsequent to 1 January 2008. Opening balance sheet adjustments incorporated in the financial statements prepared as of 31

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

December 2006 in accordance with Communiqué Serial: XI, No: 29 are explained in detail in Note 41.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.4 Adoption of New and Revised International Financial Reporting Standards

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (“the IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2008.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2008 but they are not relevant to the Company’s operations:

- IFRIC 11, “IFRS 2 – Group and treasury share transactions”,
- IFRIC 12, “Service concession arrangements”,
- IFRIC 14, “IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction”.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- | | |
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| • IFRS 8, “Operating segments” | Effective for annual periods beginning on or after 1 January 2009. |
| • IFRIC 13, “Customer loyalty programmes” | Effective for annual periods beginning on or after 1 July 2008. |
| • IFRIC 15, “Agreements for the construction of real estate” | Effective for annual periods beginning on or after 1 January 2009. |
| • IFRIC 16, “Hedges of a net investment in a foreign operation | Effective for annual periods beginning on or after 1 October 2008. |
| • IFRIC 17, “Distribution of non-cash assets to owners” | Effective for annual periods beginning on or after 1 July 2009. |
| • IFRIC 18, “Transfers of assets from customers” | Effective for annual periods beginning on or after 1 July 2009. |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.4 Adoption of New and Revised International Financial Reporting Standards (cont’d)

- IFRS 2, “Share-based Payment”
Amendment relating to vesting conditions
and cancellations” Effective for annual periods beginning on or
after 1 January 2009
- IFRS 1, “First-time Adoption of
International Financial Reporting
Standards” Amendment relating to cost of
an investment on first-time adoption Effective for annual periods beginning on or
after 1 January 2009
- IFRS 3, “Business Combinations” Effective for annual periods beginning on or
after 1 July 2009.
- IAS 27, “Consolidated and Separate
Financial Statements”, IAS 28,
“Investment at Associates”
- IAS 31, “Interest in Joint Ventures”
Comprehensive revision on applying the
acquisition method
- IAS 23, “(Amendment) Borrowing Costs” Effective for annual periods beginning on or
after 1 January 2009.
Comprehensive revision to prohibit
immediate expensing.
- IAS 27, “Consolidated and Separate
Financial Statements” Effective for annual periods beginning on or
after 1 January 2009
Amendment relating to cost of an
investment on first-time adoption
- IAS 1, “Presentation of Financial
Statements” Effective for annual periods beginning on or
after 1 January 2009.
- IAS 32, “Financial Instruments:
Presentation” Amendments relating to
puttable instruments and obligations
arising on liquidation
- IAS 1, “Presentation of Financial
Statements” Comprehensive revision
including requiring a statement of
comprehensive income Effective for annual periods beginning on or
after 1 January 2009.
- IAS 39, “Financial Instruments:
Recognition and Measurement” Effective for annual periods beginning on or
after 1 July 2009.
Amendments for eligible hedged items

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.4 Adoption of New and Revised International Financial Reporting Standards (cont'd)

IFRS 1 (Amendment), " First-time Adoption of International Financial Reporting Standards " and IAS 27 "Consolidated and Separate Financial Statements"

The companies, applying the first time IFRS, can represent the cost of its subsidiaries, associates or joint ventures according to IAS 27 or estimated cost on the opening balance sheet. Dependent changes to IAS 27, dividend obtained from subsidiaries, associates, joint ventures is required to be reflected in the income statement in the non-consolidated financial statements. It is anticipated that this new standard has no material impact on the Company's financial statements.

IFRS 2, "Share-based payment"

The amended standard deals with vesting conditions and cancellations. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. It is anticipated that, IFRS 2 will have no material impact on the financial statements of the Company accordingly.

IFRS 8, "Operating segments"

IFRS 8 "Operating Segments" replaces IAS 14 'Segment Reporting'. This standard requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance. The Company operates predominantly in Turkey and does not have varied operations requiring segmental reporting therefore segmental information is not disclosed.

IAS 32, and IAS 1 "Financial Instruments: Presentation" Puttable instruments and obligations arising on liquidation

Amendment in IAS 32 requires the classification of a financial instrument issued by an enterprise as a liability or as equity, prescribing the accounting for treasury shares (a company's own repurchased shares). Amendment in IAS 1 requires the definition and clarification of financial instruments classified as capital instrument. It is anticipated that, it will have no material impact on the financial statements of the Company accordingly.

IAS 23 (Revised), "Borrowing costs"

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and, therefore, should be capitalized. The option of immediately recognizing as an expense borrowing costs will be removed by this change. It is anticipated that, it will have no material impact on the financial statements of the Company accordingly.

IFRS 3, "Business combinations"

Costs related with acquisitions shall be presented under profit and loss statement when occurred and changes in the contingent costs recorded at the time of inception shall be recorded under profit and loss statement instead of correction from goodwill.

İŞ PORTFÖY YÖNETİMİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.4 Adoption of New and Revised International Financial Reporting Standards (cont’d)

IFRIC 13, “Customer loyalty programmes”

In accordance with IFRIC 13, customer loyalty programmes are accounted for as a separate component of the sale transaction. The amount of proceeds allocated to the award credits is measured by reference to their fair value and the deferred portion of the proceeds is recognized as revenue only when obligations are fulfilled. It is anticipated that, it will have no material impact on the financial statements of the Company since the Company does not have such programmes.

IFRIC 15, “Agreements for the construction of real estate”

IFRIC 15 provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and, accordingly, when revenue from the construction should be recognized.

IFRIC 16, “Hedges of a net investment in a foreign operation”

IFRIC 16 clarifies three main issues: the presentation currency does not create an exposure to which an entity may apply hedge accounting. Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation. It is anticipated that, it will have no material impact on the financial statements of the Company accordingly.

IFRIC 17, “Distribution of non-cash assets to owners”

IFRIC 17 applies to pro rata distributions of non-cash assets (all owners are treated equally) but does not apply to common control transactions. It is anticipated that, it will have no material impact on the financial statements of the Company accordingly.

IFRIC 18, “Transfer of asset from customers”

IFRIC 18 clarifies the cases in which an entity receives from a customer an item of property, plant and equipment or cash that must be used only to acquire or construct such items and also provides guidance on how to account for transfers of cash from customers. It is anticipated that, it will have no material impact on the financial statements of the Company accordingly.

IAS 1, “Presentation of financial statements” (Amendment)

A revised version of IAS 1 Presentation of Financial Statements has been issued to provide more useful information. The major changes are; the statement of changes in equity will only include the transactions with the shareholders, introduction of statement of “total comprehensive income” in addition to the income statement which will present all profit or loss as income or expense, the revised interpretation of the prior year financial statements and disclosure of the restatement effect of change in accounting policies to prior year financial statements. The Company will adopt the changes in presentation of financial statement in 2009.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.4 Adoption of New and Revised International Financial Reporting Standards (cont’d)

IAS 39, “Financial Instruments: Recognition and measurement” Amendments for eligible hedged items

This amendment clarifies that entities can only designate, at the time of acquisition or issuance, any financial asset or financial liability to be measured at fair value, with value changes recognized in profit or loss.

The Company’s management anticipates that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.

2.5 Summary of Significant Accounting Policies

Revenue

Operating income/expenses

Fund management commissions and portfolio management commissions are recognized on an accrual basis.

Income on sale of marketable securities are recognized at the time of disposal and dividend and similar income from investments is recognized when a right to receive payment has been established.

Interest income and expenses are recognized in the income statement on an accrual basis. Interest income contains interest on time deposits, coupon payments on fixed income securities, and interest on repurchase transactions.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets 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.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.5 Summary of Significant Accounting Policies (cont’d)

Intangible Assets

Intangible assets acquired separately

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.

Computer software

Acquired computer software licences 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.

Impairment of Assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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 and 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

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

Financial Instruments

Financial assets

Financial assets, except for 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 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’, ‘held-to-maturity investments’, ‘available-for-sale’ financial assets and ‘loans and receivables’.

İŞ PORTFÖY YÖNETİMİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.5 Summary of Significant Accounting Policies (cont’d)

Financial Instruments (cont’d)

Financial assets (cont’d)

Effective interest method

The effective interest method is a method of calculating the amortised 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 recognised on an effective interest basis for debt instruments other than those financial assets designated as at fair value through profit or loss.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised 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 Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

As of balance sheet date, the Company has no held to maturity investments.

Available-for-sale financial assets

Available for sale investments consist of other than (a) held-to-maturity investments, (b) assets held for trading or (c) loans and receivables. Available for sale investments are measured at subsequent reporting dates at fair value as long as fair values can be reliably measured. Those whose fair values cannot be reliably measured and do not have quoted prices in active markets are stated at cost. Gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or 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. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

İŞ PORTFÖY YÖNETİMİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.5 Summary of Significant Accounting Policies (cont’d)

Financial Instruments (cont’d)

Financial assets (cont’d)

Repurchase agreements

Marketable securities sold as part of repurchase agreement commitments (“repo”) are accounted in financial statements and liabilities to counterparties are presented as payables to customers. Marketable securities held as part of resale agreement commitments (“reverse repo”) are accounted 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 amortised cost using the effective interest method less any impairment.

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.

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised 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. Changes in the carrying amount of the allowance account are recognised in profit or loss.

İŞ PORTFÖY YÖNETİMİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.5 Summary of Significant Accounting Policies (cont’d)

Financial Instruments (cont’d)

Financial assets (cont’d)

Impairment of financial assets(cont’d)

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised 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 amortised cost would have been had the impairment not been recognised.

In respect of available for sale equity securities, any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Financial liabilities

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

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

Other financial liabilities

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

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

The effective interest method is a method of calculating the amortised 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.

Business Combinations

None.

İŞ PORTFÖY YÖNETİMİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.5 Summary of Significant Accounting Policies (cont’d)

Foreign Currency Transactions

In the statutory accounts of the Company, transactions in foreign currencies (currencies other than TL) are translated into TL at the rates of exchange ruling at the transaction dates. Assets and liabilities denominated in foreign currencies are translated to TL at the exchange rate ruling at the balance sheet date. Gains and losses arising on settlement and translation of foreign currency items are included in the statements of income.

Earnings per Share

Earnings per share is determined by dividing net income by the weighted average number of shares of the Company circulating during the year concerned.

Subsequent Events

Subsequent events cover the events which arise between the reporting date and the balance sheet date, even occurred after any declaration regarding to the net profit of the period or specific financial information to the public.

The Company restates its financial statements if such subsequent events arise.

Provisions, Contingent Liabilities and Contingent Assets

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

The amount recognised 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.

Changes in Accounting Policies, Accounting Estimates and Errors

Changes in accounting policies or significant accounting errors noted are applied retrospectively and the prior year financial statements are restated. 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.

İŞ PORTFÖY YÖNETİMİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.5 Summary of Significant Accounting Policies (cont’d)

Segmental Information

There is no different operating activity and geographical segment that requires segmental reporting.

Construction Agreements

None.

Discontinued Operations

None.

Government Grants and Incentives

None.

Investment Properties

None.

Taxation and Deferred Tax

Income taxes in the financial statements represent the sum of the tax currently payable and the changes in deferred taxes.

Estimated provision is made for liabilities related to corporate tax, income tax and funds that will occur from operating results of the Company at financial statements. Current tax is calculated by taking into consideration non-deductible expenses and exceptions in tax respect based on the Company operating results.

Deferred tax asset or liability 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 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 realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits and they are expected to reverse in the foreseeable future. Carrying amount of deferred tax assets is 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.

Employee Benefits/ Provisions Related to Employee Benefits

The retirement benefit obligation recognised in the balance sheet is calculated by considering of the present value of future obligation amount resulted from all employees and reflected to financial statements. All actuarial gains or losses calculated reflected to statement of income.

İŞ PORTFÖY YÖNETİMİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.5 Summary of Significant Accounting Policies (cont’d)

Statement of Cash Flow

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

2.6 Critical Accounting Judgments and Estimates

There are no significant accounting estimates and judgments.

3. BUSINESS COMBINATIONS

None.

4. JOINT VENTURES

None.

5. SEGMENTAL REPORTING

There is no different operating activity and geographical segment that requires segmental reporting.

6. CASH AND CASH EQUIVALENTS

	31 December <u>2008</u>	31 December <u>2007</u>
Cash	1,176	807
Cash in banks	26,121,002	23,349,015
Demand deposits	398,005	337,383
Time deposits (with maturities three months or less)	25,722,997	23,011,632
Receivables from repurchase agreements	453,175	906,900
	<u>26,575,353</u>	<u>24,256,722</u>

As of 31 December 2008 and 31 December 2007, all the bank deposits are deposited at T. İş Bankası A.Ş. which is a related party.

İŞ PORTFÖY YÖNETİMİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

6. CASH AND CASH EQUIVALENTS (cont'd)

Maturities and interest rates of time deposits as of 31 December 2008 and 31 December 2007 are as follows:

<u>Currency type</u>	<u>Interest rate</u>	<u>Maturity</u>	31 December <u>2008</u>
TL	19.15%	31.03.2009	15,007,979
TL	20.25%	30.01.2009	10,105,588
TL	21.60%	02.01.2009	609,430
			<u>25,722,997</u>

<u>Currency type</u>	<u>Interest rate</u>	<u>Maturity</u>	31 December <u>2007</u>
TL	18.10%	01.04.2008	12,005,951
TL	18.85%	31.01.2008	11,005,681
			<u>23,011,632</u>

Receivables from repurchase agreements:

<u>31 December 2008</u>				
	<u>Interest rate</u>	<u>Maturity</u>	<u>Cost</u>	<u>Carrying value</u>
Government bonds	11.99%	02.01.2009	453,000	453,175
			<u>453,000</u>	<u>453,175</u>
<u>31 December 2007</u>				
	<u>Interest rate</u>	<u>Maturity</u>	<u>Cost</u>	<u>Carrying value</u>
Government bonds	13.70%	02.01.2008	906,500	906,900
			<u>906,500</u>	<u>906,900</u>

In the cash flow statement of the Company as of 31 December 2008 and 31 December 2007, cash and cash equivalents are presented net off interest accruals:

	31 December <u>2008</u>	31 December <u>2007</u>
Cash and cash equivalents	26,575,353	24,256,722
Interest accruals	<u>(23,172)</u>	<u>(12,032)</u>
Cash and cash equivalents as presented in cash flow statement	<u>26,552,181</u>	<u>24,244,690</u>

The explanations related to nature and level of risk resulting from cash and cash equivalents are disclosed in Note 38.

İŞ PORTFÖY YÖNETİMİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

7. FINANCIAL ASSETS

<u>Current Financial Assets</u>	31 December <u>2008</u>	31 December <u>2007</u>
Financial assets at fair value through profit or loss	4,309,721	421,125
Available for sale financial assets	1,166,622	2,826,185
	<u>5,476,343</u>	<u>3,247,310</u>

Financial assets at fair value through profit and loss:

Held for trading financial assets

31 December 2008

	<u>Cost</u>	<u>Fair value</u>	<u>Carrying value</u>
<u>Debt securities</u>			
Government bonds	2,541,958	2,891,485	2,891,485
Private sector bonds	901,345	959,125	959,125
	<u>3,443,303</u>	<u>3,850,610</u>	<u>3,850,610</u>
<u>Equity shares</u>			
Türk Telekomünikasyon A.Ş.	267,772	214,463	214,463
	<u>267,772</u>	<u>214,463</u>	<u>214,463</u>
<u>Investment funds</u>			
Iş Bankası Type B – 100% hedge fund for the investors foreseeing increase in ISE 30 Index	250,000	244,648	244,648
	<u>250,000</u>	<u>244,648</u>	<u>244,648</u>
	<u>3,961,075</u>	<u>4,309,721</u>	<u>4,309,721</u>

Held for trading financial assets

31 December 2007

	<u>Cost</u>	<u>Fair value</u>	<u>Carrying value</u>
<u>Debt securities</u>			
Government bonds	351,532	421,125	421,125
	<u>351,532</u>	<u>421,125</u>	<u>421,125</u>

As of 31 December 2008, interest rates of debt securities classified as held for trading financial assets is between 10.58-10.68% per annum (31 December 2007: 10.01 – 18.48%).

As of 31 December 2008, government bonds and treasury bills with nominal value of TL 200,000 (31 December 2007: TL 200,000) and fair value of TL 177,590 (31 December 2007: TL 191,852) are given as collateral to İMKB Takas ve Saklama Bankası A.Ş.

İŞ PORTFÖY YÖNETİMİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

7. FINANCIAL ASSETS (cont’d)

Available for sale financial assets:

	<u>31 December 2008</u>		
	<u>Cost</u>	<u>Fair value</u>	<u>Carrying value</u>
Quoted equity instruments	<u>3,023,172</u>	<u>1,166,622</u>	<u>1,166,622</u>
	<u>3,023,172</u>	<u>1,166,622</u>	<u>1,166,622</u>

	<u>31 December 2007</u>		
	<u>Cost</u>	<u>Fair value</u>	<u>Carrying value</u>
Quoted equity instruments	<u>3,023,172</u>	<u>2,826,185</u>	<u>2,826,185</u>
	<u>3,023,172</u>	<u>2,826,185</u>	<u>2,826,185</u>

The details of quoted equity instruments are as follows:

	Participation rate (%)	31 December 2008	Participation rate (%)	31 December 2007
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	0.365	<u>1,166,622</u>	0.365	<u>2,826,185</u>
		<u>1,166,622</u>		<u>2,826,185</u>

Shares of İş Gayrimenkul Yatırım Ortaklığı A.Ş. classified as available for sale financial assets are measured at fair value with quoted market price as of balance sheet date and the decrease of TL 1,763,722 in fair value (net off deferred tax) (31 December 2007: TL 187,139) is recognised directly in equity.

8. FINANCIAL LIABILITIES

None (31 December 2007: None).

9. OTHER FINANCIAL LIABILITIES

None (31 December 2007 : None).

İŞ PORTFÖY YÖNETİMİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

10. TRADE RECEIVABLES AND PAYABLES

<u>Trade receivables (current):</u>	31 December <u>2008</u>	31 December <u>2007</u>
Portfolio management fee receivables		
- Due from related parties (Note 37)	2,467,906	715,291
- Other	19,244	32,710
	<u>2,487,150</u>	<u>748,001</u>

Collection period for the Company is approximately one week.

The Company has no past-due and impaired receivables as of 31 December 2008 and 31 December 2007.

<u>Trade payables (current):</u>	31 December <u>2008</u>	31 December <u>2007</u>
Trade payables		
- Due to related parties (Note 37)	251	-
- Other	-	6.740
	<u>251</u>	<u>6.740</u>

Trade payables of the Company are due to several services received.

11. OTHER RECEIVABLES AND PAYABLES

<u>Other current receivables:</u>	31 December <u>2008</u>	31 December <u>2007</u>
Other	-	637
	<u>-</u>	<u>637</u>

<u>Other current payables:</u>	31 December <u>2008</u>	31 December <u>2007</u>
Taxes and funds payable	100,165	80,045
Social security premiums payable	40,830	35,896
	<u>140,995</u>	<u>115,941</u>

İŞ PORTFÖY YÖNETİMİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

12. RECEIVABLES AND PAYABLES FROM FINANCIAL SERVICES

“Receivables and payables from financial services” line item is not used since the Company operates in financial services industry.

13. INVENTORIES

None (31 December 2007: None).

14. BIOLOGICAL ASSETS

None (31 December 2007: None).

15. ASSETS RELATED TO ONGOING CONSTRUCTION CONTRACTS

None (31 December 2007: None).

16. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

None (31 December 2007: None).

17. INVESTMENT PROPERTIES

None (31 December 2007: None).

İŞ PORTFÖY YÖNETİMİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

18. PROPERTY AND EQUIPMENT

	<u>Vehicles</u>	<u>Furniture and fixture</u>	<u>Leasehold improvements</u>	<u>Total</u>
<u>Acquisition cost</u>				
Opening balance 1 January 2008	118,030	499,720	103,809	721,559
Additions	161,990	77,499	-	239,489
Disposals	(76,641)	-	-	(76,641)
Closing balance 31 December 2008	<u>203,379</u>	<u>577,219</u>	<u>103,809</u>	<u>884,407</u>
<u>Accumulated depreciation</u>				
Opening balance 1 January 2008	(77,102)	(177,987)	(26,895)	(281,984)
Charge for the period	(37,354)	(125,316)	(20,642)	(183,312)
Disposals	54,926	-	-	54,926
Closing balance 31 December 2008	<u>(59,530)</u>	<u>(303,303)</u>	<u>(47,537)</u>	<u>(410,370)</u>
Net book value as of 31 December 2007	<u>40,928</u>	<u>321,733</u>	<u>76,914</u>	<u>439,575</u>
Net book value as of 31 December 2008	<u>143,849</u>	<u>273,916</u>	<u>56,272</u>	<u>474,037</u>

İŞ PORTFÖY YÖNETİMİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

18. PROPERTY AND EQUIPMENT (cont’d)

	<u>Vehicles</u>	<u>Furniture and fixture</u>	<u>Leasehold improvements</u>	<u>Total</u>
<u>Acquisition cost</u>				
Opening balance 1 January 2007	118,030	405,340	103,809	627,179
Additions	-	94,380	-	94,380
Closing balance 31 December 2007	<u>118,030</u>	<u>499,720</u>	<u>103,809</u>	<u>721,559</u>
<u>Accumulated depreciation</u>				
Opening balance 1 January 2007	(53,496)	(61,283)	(6,133)	(120,912)
Charge for the period	(23,606)	(116,704)	(20,762)	(161,072)
Closing balance 31 December 2007	<u>(77,102)</u>	<u>(177,987)</u>	<u>(26,895)</u>	<u>(281,984)</u>
Net book value as of 31 December 2006	<u>64,534</u>	<u>344,057</u>	<u>97,676</u>	<u>506,267</u>
Net book value as of 31 December 2007	<u>40,928</u>	<u>321,733</u>	<u>76,914</u>	<u>439,575</u>

İŞ PORTFÖY YÖNETİMİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

18. PROPERTY AND EQUIPMENT (cont’d)

Useful lives of property and equipment are as follows:

Vehicles	5 years
Furniture and fixture	5-15 years
Leasehold improvements	5 years

19. INTANGIBLE ASSETS

	Computer software	Advances given	Total
<u>Acquisition cost</u>			
Opening balance 1 January 2008	43,692	305,281	348,973
Additions	156,412	-	156,412
Transfers (*)	305,281	(305,281)	-
Closing balance 31 December 2008	<u>505,385</u>	<u>-</u>	<u>505,385</u>
<u>Accumulated amortization</u>			
Opening balance 1 January 2008	(32,662)	-	(32,662)
Charge for the period	(28,343)	-	(28,343)
Closing balance 31 December 2008	<u>(61,005)</u>	<u>-</u>	<u>(61,005)</u>
Net book value as of 31 December 2007	<u>316,311</u>	<u>-</u>	<u>316,311</u>
Net book value as of 31 December 2008	<u>444,380</u>	<u>-</u>	<u>444,380</u>

(*) Installation of the computer software was completed during the period and the Company started to use the software. Therefore the Company transferred the amount in “advances given” account to “computer software” account and started to amortize the computer software.

İŞ PORTFÖY YÖNETİMİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

19. INTANGIBLE ASSETS (cont’d)

	Computer software	Advances given(*)	Total
<u>Acquisition cost</u>			
Opening balance 1 January 2007	32,761	305,281	338,042
Additions	10,931	-	10,931
Closing balance 31 December 2007	43,692	305,281	348,973
<u>Accumulated amortization</u>			
Opening balance 1 January 2007	(20,243)	-	(20,243)
Charge for the period	(12,419)	-	(12,419)
Closing balance 31 December 2007	(32,662)	-	(32,662)
Net book value as of 31 December 2006	12,518	305,281	317,799
Net book value as of 31 December 2007	11,030	305,281	316,311

(*) Represents the advances given for the computer software.

Amortization of intangible fixed assets is calculated using the straight-line method over their estimated useful lives, 5 years.

20. GOODWILL

None (31 December 2007: None).

21. GOVERNMENT GRANTS AND INCENTIVES

None (31 December 2007: None).

22. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Government bonds with a nominal value of TL 200,000 and fair value of TL 177,590; which is equal to 15% of the minimum paid in capital amount as required by CMB’s Communiqué No: V/59 “Communiqué on Operating Principles of Porfolio Management Companies”; was blocked by ISE Settlement and Custody Bank (“Takasbank”) in favour of CMB (31 December 2007 nominal value: TL 200,000; fair value: TL 191,852).

23. COMMITMENTS

None (31 December 2007: None).

İŞ PORTFÖY YÖNETİMİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

24. PROVISIONS RELATED TO EMPLOYEE BENEFITS

<u>Employee benefits (current):</u>	31 December 2008	31 December 2007
Provision for employee bonuses	<u>527,000</u>	<u>500,000</u>

Retirement pay provision:

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified. Also, employees are required to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions according to current 506 numbered Social Insurance Law’s 6 March 1981 dated, 2422 numbered, 25 August 1999 dated and 4447 numbered with 60th article that has been changed. Some transition provisions related to the pre-retirement service term was excluded from the law since the related law was changed as of 23 May 2002.

The amount payable is limited to a maximum of TL 2,173.19 monthly (31 December 2007: TL 2,030.19).

The liability is not funded, as there is no funding requirement in Turkey. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel 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 financial statements as at 31 December 2008, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 5.4% and a discount rate of 12%, resulting in a real discount rate of approximately 6.26% (31 December 2007: 5.71%). The anticipated rate of forfeitures is considered. As the maximum liability is revised semi annually, the maximum amount of TL 2,260.05 effective from 1 January 2009 has been taken into consideration in calculation of provision from employment termination benefits.

	1 January- 31 December 2008	1 January- 31 December 2007
Provision as of 1 January	63,184	48,205
Service cost	31,903	22,506
Interest cost	3,620	2,755
Retirement benefits paid	(16,672)	(10,282)
Provision as of 31 December	<u>82,035</u>	<u>63,184</u>

25. PENSION PLANS

None (31 December 2007: None).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

26. OTHER ASSETS AND LIABILITIES

	31 December 2008	31 December 2007
<u>Other current assets:</u>		
Prepaid expenses	42,439	130,061
Advances given domestic suppliers	56,278	-
Advances given to personnel	86,390	-
	<u>185,107</u>	<u>130,061</u>
<u>Other non-current assets:</u>		
Advances given to personnel	43,195	-
	<u>43,195</u>	<u>-</u>
<u>Other current liabilities:</u>	31 December 2008	31 December 2007
Expense accruals (*)	40,776	95,318
	<u>40,776</u>	<u>95,318</u>

(*) As of 31 December 2008 TL 13,021 of accrued expenses are due to services received from related parties (31 December 2007: TL 1,273) (See Note 37).

27. SHAREHOLDERS' EQUITY

Capital

The paid-in capital structure as of 31 December 2008 and 31 December 2007 is as follows:

<u>Shareholders</u>	Share (%)	Share Group	31 December 2008	Share (%)	Share Group	31 December 2008
İş Yatırım Menkul Değ. A.Ş.	0.48	(A)	100,000	0.48	(A)	100,000
İş Yatırım Menkul Değ. A.Ş.	69.52	(B)	14,600,000	69.52	(B)	14,600,000
Anadolu Hayat Emeklilik A.Ş.	20.00	(B)	4,200,000	20.00	(B)	4,200,000
Other	10.00	(B)	2,100,000	10.00	(B)	2,100,000
	<u>100.00</u>		<u>21,000,000</u>	<u>100.00</u>		<u>21,000,000</u>

During the year, the Company increased its paid in capital from TL 15,000,000 to TL 21,000,000 by transferring TL 6,000,000 from the extraordinary reserves. The capital increase was declared in the Trade Registry Gazette dated 5 October 2007.

The registered capital of the Company is composed of 2,100,000,000 shares, TL 0.01 each.

5 of the Board members are elected amongst the persons nominated by the holders of A Group shares and 2 of them are elected amongst the persons nominated by the holders of B Group shares.

İŞ PORTFÖY YÖNETİMİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

27. SHAREHOLDERS’ EQUITY(cont’d)

Valuation funds

	31 December 2008	31 December 2007
Valuation fund on financial assets	<u>(1,763,722)</u>	<u>(187,139)</u>
	<u>(1,763,722)</u>	<u>(187,139)</u>

Valuation decrease on financial assets arised from valuation of the Company’s investment in shares of İş Gayrimenkul Yatırım Ortaklığı A.Ş; which is classified as available for sale financial assets; with its fair value. Revaluation fund is presented net off deferred tax of TL 92,828 (31 December 2007: TL 9,849).

Restricted reserves appropriated from profits

	31 December 2008	31 December 2007
Legal reserves	<u>1,904,951</u>	<u>1,671,764</u>
	<u>1,904,951</u>	<u>1,671,764</u>

The legal reserves consist of first and second legal reserves, appropriated in accordance with Article 466 of the Turkish Commercial Code (“TCC”). 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. Any accumulated losses are deducted from the statutory profit. 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. The first dividend is the amount proposed to be distributed to the shareholders as 5% of the paid-in-capital of the entities in accordance with Article 466/3 of the TCC or the articles of association.

Retained earnings

As of 31 December 2008 extraordinary reserves classified in retaining earning is TL 3,758,339 (31 December 2007: TL 213,898).

Resources that can be subject to profit distribution:

As of the balance sheet date, the Company’s statutory net profit for the period is TL 6,865,552 (31 December 2007: TL 4,663,737) and the total of other resources that can be subject to profit distribution is TL 4,568,481 (31 December 2007: TL 1,024,040).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

28. SALES REVENUE AND COST OF SALES

Operating income

	1 January - 31 December 2008	1 January - 31 December 2007
Portfolio management commissions	<u>11,732,975</u>	<u>7,625,992</u>
	<u>11,732,975</u>	<u>7,625,992</u>

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

	1 January - 31 December 2008	1 January - 31 December 2007
Marketing, sales and distribution expenses (-)	395,414	270,904
General administrative expenses (-)	<u>5,680,870</u>	<u>5,227,765</u>
	<u>6,076,284</u>	<u>5,498,669</u>

30. EXPENSES BY NATURE

	1 January - 31 December 2008	1 January - 31 December 2007
Personnel salaries and expenses	3,511,897	3,262,432
Retirement pay provision	35,523	25,261
Depreciation and amortization expenses	211,655	173,491
Expenses for outsourced services	518,852	382,865
Taxes and dues	138,689	247,730
Remuneration of Board of Directors	274,650	247,950
Rent expense	341,811	339,412
Fees and contributions for the office floor	164,896	136,285
Expenses paid to data suppliers	289,330	231,037
Advertisement expenses	395,414	270,904
Other operating expenses	<u>193,567</u>	<u>181,302</u>
Total operating expenses	<u>6,076,284</u>	<u>5,498,669</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

31. OTHER OPERATING INCOME / EXPENSES

	1 January - 31 December 2008	1 January - 31 December 2007
<u>Other operating income</u>		
Gain on sale of property and equipment	17,949	-
Other income	1,521	10,532
	<u>19,470</u>	<u>10,532</u>

32. FINANCE INCOME

	1 January - 31 December 2008	1 January - 31 December 2007
Interest income on time deposits	4,362,760	3,800,664
Interest income on repo transactions	129,415	111,506
Gain on redemption or on sale of marketable securities and coupon interest income	145,620	258,981
Gain on valuation of financial assets	385,553	30,161
Dividend income	82,157	-
Foreign exchange gains	191,398	9,616
	<u>5,296,903</u>	<u>4,210,928</u>

33. FINANCE EXPENSES

	1 January - 31 December 2008	1 January - 31 December 2007
Losses on valuation of financial assets	(106,728)	-
Foreign exchange losses	(47,104)	(81,888)
	<u>(153,832)</u>	<u>(81,888)</u>

34. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None (31 December 2007: None).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

35. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31 December 2008	31 December 2007
<u>Current tax payable:</u>		
Current tax liability	2,170,504	1,366,719
Less: Prepaid taxes and funds	<u>(1,526,061)</u>	<u>(1,156,294)</u>
	<u>644,443</u>	<u>210,425</u>
<u>Tax expense in the statement of income:</u>	1 January - 31 December 2008	1 January - 31 December 2007
Current tax provision	2,170,504	1,366,719
Deferred tax charge / (benefit)	<u>4,599</u>	<u>(100,976)</u>
	<u>2,175,103</u>	<u>1,265,743</u>

Corporate Tax

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company’s results for the year.

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 rate of tax in 2008 is 20% (2007: 20%).

In Turkey, advance tax returns are filed and accrued on a quarterly basis. The advance corporate income tax rate is 20 % (2007: 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. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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35. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont’d)

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 as 10% starting from 24 April 2003 until 22 July 2006. This rate was increased from 10% to 15% effective from 22 July 2006 with decision of the Council of Ministers numbered 2006/10731. 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 and that are directly related to production facilities of the companies. The investments without investment incentive certificates do not qualify for tax allowance.

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 following years so as to be deducted from taxable income of subsequent profitable years. However the companies can deduct the carried forward outstanding allowance from 2006, 2007 and 2008 taxable income. The investment incentive amount that cannot be deducted from 2008 taxable income will not be carried forward to following years.

Inflation Adjusted Tax Calculation

For 2003 and previous years, taxable profits were calculated without any inflation adjustment to the statutory records, except that fixed assets and the related depreciation were revalued annually. Law No. 5024 published in the Official Gazette No. 25332 on 30 December 2003 requires the application of inflation accounting in Turkey in 2005 and future years for tax purposes, if the actual rate of inflation meets certain thresholds, using principles which do not differ substantially from the principles in IAS 29 “Financial Reporting in Hyperinflationary Economies”. As inflation met certain thresholds as of 31 December 2004, the Company has adjusted its statutory financial statements as of 31 December 2004 in accordance with Law No. 5024 and inflation adjusted balances as at 31 December 2004 were taken as opening balances as of 1 January 2005. However, as inflation did not meet the required thresholds in the following years, no further inflation adjustment made to the Company’s statutory financial statements.

Deferred Tax

The Company 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.

Deferred tax assets and liabilities are calculated at %20 (2007: 20%).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

35. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont’d)

Deferred Tax (cont’d)

	31 December <u>2008</u>	31 December <u>2007</u>
<u>Deferred tax asset / (liability):</u>		
Useful life differences on property and equipment and intangible assets	(44,645)	(20,214)
Retirement pay provisions	16,407	12,637
Provision for employee bonuses	105,400	100,000
Fair value decrease in available for sale financial assets	92,828	9,849
Fair value decrease in held for trading financial assets	10,662	-
	<u>180,652</u>	<u>102,272</u>

Movement of deferred tax assets / (liabilities):

	<u>2008</u>	<u>2007</u>
Opening balance, 1 January	102,272	(8,553)
Deferred tax benefit / (charge) accounted for in the statement of income	(4,599)	100,976
Deferred taxes offset from financial asset revaluation fund	82,979	9,849
Closing balance, 31 December	<u>180,652</u>	<u>102,272</u>

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

	1 January - 31 December <u>2008</u>	1 January - 31 December <u>2007</u>
Profit before taxation	10,819,232	6,266,895
Expected tax: 20%	2,163,846	1,253,379
Effects of non-deductible expenses	11,257	11,431
Other	-	933
	<u>2,175,103</u>	<u>1,265,743</u>

36. EARNINGS PER SHARE

According to IAS 33 “Earnings per Share”, companies, whose equity shares are not traded on stock exchanges, are not required to disclose earnings per share. The Company did not calculate earning/loss per share in the accompanying financial statements since the Company’s shares are not traded on the stock exchange.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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37. RELATED PARTY TRANSACTIONS

	31 December 2008							
	Receivables				Payables			
	Current		Non-Current		Current		Non-Current	
<u>Due from related parties</u>	Trade	Non- trade	Trade	Non- trade	Trade	Non- trade	Trade	Non trade
<u>Shareholders</u>								
Anadolu Hayat Emeklilik A.Ş.	553,497	-	-	-	-	-	-	-
İş Yatırım Menkul Değerler A.Ş.	-	-	-	-	-	4,277	-	-
<u>Other related parties</u>								
Türkiye İş Bankası A.Ş.	1,459,987	-	-	-	-	-	-	-
Anadolu Anonim Türk Sigorta Şirketi	88,079	-	-	-	251	-	-	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	4,712	-	-	-	-	-	-	-
Milli Reasürans Türk A.Ş.	252,696	-	-	-	-	-	-	-
Tecim Yapı Elemanları İnşaat Servis Ve Yönetim Hizmetleri Sanayi ve Tic. Ltd. Şti.	6	-	-	-	-	-	-	-
Türkiye İş Bankası Yurtdışı Fonları	108,929	-	-	-	-	-	-	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	-	-	8,744	-	-	-
	<u>2,467,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,995</u>	<u>4,277</u>	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

37. RELATED PARTY TRANSACTIONS (cont’d)

Transactions with related parties	1 January - 31 December 2008				
	Commission income	Interest received	Dividends paid	Rent expense	Other expenses
<u>Shareholders</u>					
Anadolu Hayat Emeklilik A.Ş.	4,854,364	-	177,222	-	-
İş Yatırım Menkul Değerler A.Ş.	-	-	620,277	-	27,051
Türkiye Sınâî Kalkınma Bankası A.Ş.	-	-	44,306	-	-
Yatırım Finansman A.Ş.	-	-	43,419	-	-
Camiş Yatırım Holding A.Ş.	-	-	886	-	-
<u>Other related parties</u>					
Türkiye İş Bankası A.Ş.	4,973,795	4,374,392	-	-	37,507
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	-	-	238,900
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	43,559	-	-	341,811	14,186
Anadolu Anonim Türk Sigorta Şirketi	366,308	-	-	-	54,720
Milli Reasürans Türk A.Ş.	518,863	-	-	-	-
Tecim Yapı Elemanları İnşaat Servis ve Yönetim Hizmetleri Sanayi ve Tic. Ltd. Şti.	3,674	-	-	-	-
Türkiye İş Bankası Yurtdışı Fonları	482,974	-	-	-	-
Türkiye İş Bankası A.Ş. Mensupları Emekli Sandığı Vakfı	5,033	-	-	-	-
	<u>11,248,570</u>	<u>4,374,392</u>	<u>886,110</u>	<u>341,811</u>	<u>372,364</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

37. RELATED PARTY TRANSACTIONS (cont'd)

	31 December 2007							
	Receivables				Payables			
	Current		Non-Current		Current		Non-Current	
<u>Due from related parties</u>	Trade	Non-trade	Trade	Non-trade	Trade	Non-trade	Trade	Non-trade
<u>Shareholders</u>								
Anadolu Hayat Emeklilik A.Ş.	340,499	-	-	-	-	-	-	-
İş Yatırım Menkul Değerler A.Ş.	-	-	-	-	-	5,467	-	-
<u>Other related parties</u>								
Türkiye İş Bankası A.Ş.	161,407	-	-	-	-	-	-	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	-	-	1,273	-	-	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	16,073	-	-	-	-	-	-	-
Anadolu Anonim Türk Sigorta Şirketi	10,315	-	-	-	-	-	-	-
Milli Reasürans Türk A.Ş.	46,486	-	-	-	-	-	-	-
Tecim Yapı Elemanları İnşaat Servis ve Yönetim Hizmetleri Sanayi ve Tic. Ltd. Şti.	-	-	-	-	-	-	-	-
Türkiye İş Bankası Yurtdışı Fonları	140,511	-	-	-	-	-	-	-
Türkiye İş Bankası A.Ş. Mensupları Emekli Sandığı Vakfı	-	-	-	-	-	-	-	-
	<u>715,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,273</u>	<u>5,467</u>	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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37. RELATED PARTY TRANSACTIONS (cont’d)

Transactions with related parties	1 January - 31 December 2007				
	Commissio n income	Interest received	Dividends paid	Rent expense	Other expenses
<u>Shareholders</u>					
Türkiye İş Bankası A.Ş.	1,651,641	3,800,664	750,000	-	35,677
İş Yatırım Menkul Değerler A.Ş.	-	-	300,000	-	9,307
Anadolu Hayat Emeklilik A.Ş.	3,596,806	-	300,000	-	-
Türkiye Sınai Kalkınma Bankası A.Ş.	-	-	75,000	-	-
Yatırım Finansman A.Ş.	-	-	75,000	-	-
Camiş Yatırım Holding A.Ş.	-	-	-	-	-
<u>Other related parties</u>					
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	-	-	136,285
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	11,261	-	-	339,412	-
Anadolu Anonim Türk Sigorta Şirketi	242,558	-	-	-	-
Milli Reasürans Türk A.Ş.	234,954	-	-	-	-
Tecim Yapı Elemanları İnşaat Servis ve Yönetim Hizmetleri Sanayi ve Tic. Ltd. Şti.	2,988	-	-	-	-
Türkiye İş Bankası Yurtdışı Fonları	714,629	-	-	-	-
Türkiye İş Bankası A.Ş. Mensupları Emekli Sandığı Vakfı	63,605	-	-	-	-
	<u>6,518,442</u>	<u>3,800,664</u>	<u>1,500,000</u>	<u>339,412</u>	<u>181,269</u>

Remuneration of key management personnel:

	1 January - 31 December <u>2008</u>	1 January - 31 December <u>2007</u>
Salaries and other short term benefits	689,524	433,245
Remuneration of Bord of Directors	274,650	247,950
	<u>964,174</u>	<u>681,195</u>

As of 31 December 2008, the retirement pay provision provided for key management personnel is TL 34,233 (31 December 2007: TL 20,850).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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38. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Financial risk factors

The Company is exposed to market risk (including fair value risk, currency risk, interest rate risk and price risk) because of its operations. Market risk is defined as risk of changes in exchange rates or in value of common stocks and other financial contracts which would have an adverse effect on the Company’s operations. The Company follows the market risk on a daily basis in two dimensions; interest rate risk and price risk; by performing fair value calculations of marketable securities. Board of directors sets limits and strategies related to portfolio management on particular occasions and securities portfolio is managed accordingly by the portfolio managers. Those limits and strategies are adjusted according to the economic outlook and the market conditions and the risk is minimized during the periods of high uncertainty.

Capital risk management and capital adequacy requirements

The Company defines and manages its capital in accordance with the Capital Markets Board Communiqué Serial: V, No: 59 “Communiqué on Principles Regarding Portfolio Management Activity and Portfolio Management Companies” (“Communiqué Serial: V, No: 59”) and with the Capital Markets Board Communiqué Serial: V, No: 34 “Communiqué on Principles Regarding Capital and Capital Adequacy of Brokerage Companies” (“Communiqué Serial: V, No: 34”). In this respect the minimum capital requirement for portfolio management companies is TL 290.000 (31 December 2007: TL 270.000).

The Company complies with the capital adequacy requirements as of 31 December 2008 and 31 December 2007.

Credit Risk

The Company does not have any loans receivable therefore there is no default risk. Credit risk arises mainly due to trade and other receivables, deposits at banks, government and private sector bonds, repurchase agreements, equity shares and mutual funds.

As of 31 December 2008, TL 2,467,906 of the Company’s trade receivables are due from related parties. The Company manages pension funds founded by Anadolu Hayat Emeklilik A.Ş. since their establishment year of 2003 and manages the portfolios of the other related parties since 2001. The Company does not have a history of uncollectible receivables.

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31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

38. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

Credit Risk (cont’d)

Credit risks per financial instrument categories

31 December 2008	Receivables				Deposits at Banks	Derivative instruments	Other (**)
	Trade receivables		Other Receivables				
	Related Parties	Other	Related Parties	Other			
Maximum credit risk as of balance sheet date (*)	2,467,906	19,244	-	-	26,121,002	-	5,929,518
- Collateralised portion of the maximum credit risk	-	-	-	-	-	-	-
A. The carrying amount of financial assets that are neither past due nor impaired	2,467,906	19,244	-	-	26,121,002	-	5,929,518
B. The carrying amount of trade receivables that would otherwise be past due or impaired whose terms have been renegotiated	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-	-
- Collateralised portion (-)	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-
- Past due (gross carrying value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Collateralised portion of the net carrying value (-)	-	-	-	-	-	-	-
- Not past due (gross carrying value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Collateralised portion (-)	-	-	-	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

E. Off balance sheet items credit risk - - - - -

(*) No credit enhancing item such as; guarantees received, is taken into account in the calculation.

(**) Consists of TL 453,175 of repurchase agreements, TL 2,891,485 of government bonds, TL 959,125 TL of private sector bonds, TL 1,381,085 of equity shares and TL 244,648 of mutual funds.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

38. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

Credit Risk (cont’d)

Credit risks per financial instrument categories

31 December 2007	Receivables				Deposits at Banks	Derivative instruments	Other(**)
	Trade receivable		Other Receivable				
	Related Parties	Other	Related Parties	Other			
Maximum credit risk as of balance sheet date (*)	715,291	32,710	-	-	23,349,015	-	4,154,210
- Collateralised portion of the maximum credit risk	-	-	-	-	-	-	-
A. The carrying amount of financial assets that are neither past due nor impaired	715,291	32,710	-	-	23,349,015	-	4,154,210
B. The carrying amount of trade receivables that would otherwise be past due or impaired whose terms have been renegotiated	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-	-
- Collateralised portion (-)	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-
- Past due (gross carrying value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Collateralised portion of the net carrying value (-)	-	-	-	-	-	-	-
- Not past due (gross carrying value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Collateralised portion (-)	-	-	-	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

E. Off balance sheet items credit risk - - - - -

(*) No credit enhancing item such as; guarantees received, is taken into account in the calculation.

(**) Consists of TL 906,900 of reverse repurchase agreements, TL 421,125 of government bonds and TL 2,826,185 of equity shares.

İŞ PORTFÖY YÖNETİMİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

38. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk management

The Company meets the funding requirements by converting short term financial assets into cash; for example by collecting its receivables or by selling its marketable securities and the amounts proceed reflect the fair value.

Remaining contractual maturities for the non-derivative financial liabilities are as follows:

<u>31 December 2008</u>		Total contractual cash_outflows	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years(IV)
<u>Contractual maturity</u>	<u>Fair value</u>	<u>(I+II+III+IV)</u>				
Non derivative financial liabilities						
Bank loans	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Finance lease payables	-	-	-	-	-	-
Trade payables	251	251	251	-	-	-
Other liabilities	40,776	40,776	40,776	-	-	-
Total liabilities	41,027	41,027	41,027	-	-	-

<u>31 December 2007</u>		Total contractual cash_outflows	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years(IV)
<u>Contractual maturity</u>	<u>Fair value</u>	<u>(I+II+III+IV)</u>				
Non derivative financial liabilities						
Bank loans	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Finance lease payables	-	-	-	-	-	-
Trade payables	6,740	6,740	6,740	-	-	-
Other liabilities	95,318	95,318	95,318	-	-	-
Total liabilities	102,058	102,058	102,058	-	-	-

The Company does not have any derivative financial asset or liabilities as of 31 December 2008 and 31 December 2007.

Expected future cash flows of non-derivative financial liabilities are not different than their contractual maturities therefore expected maturity table is not presented.

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(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

38. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

Market risk management

The Company’s activities expose it to financial risks related to changes in interest rates, capital markets, foreign currency exchange rates as explained in detail below.

Interest rate risk management

Interest rate risk is identified as impairment on interest sensitive assets of the Company caused by interest rate fluctuations. Company has no interest sensitive obligations.

Interest rate sensitivity:

The financial instruments sensitive to changes in interest rates are as follows:

Interest Rate Pozition Table

	31 December 2008	31 December 2007
<u>Financial instruments with fixed interest rate</u>		
Financial assets		
Financial assets at fair value through profit or loss	2,663,850	191,852
<u>Financial instruments with floating interest rate</u>		
Financial assets		
Financial assets at fair value through profit or loss	1,186,760	229,273

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the balance sheet date. If interest rates had been 5% higher/lower as of the balance sheet date and all other variables were held constant:

If interest rates had been 500 basis points higher as of 31 December 2008 and all other variables were held constant, the Company’s profit before tax would decrease by TL 155,875 (31 December 2007: 25,922). If interest rates had been 500 basis points lower as of 31 December 2008 and all other variables were held constant, the Company’s profit before tax would increase by TL 171,401 (31 December 2007: 30,925).

Equity price risk

The Company is exposed to equity price risk rising from equity investments. As of 31 December 2008, if Equity Price Index of the Istanbul Stock Exchange was 10% higher/lower and all other variables were held constant; net profit of the Company would have been unaffected as long as the equity investments are classified as available-for-sale and no investments were disposed of or impaired; and equity reserves would decrease/increase by TL 109,548 (31 December 2007: 249,487), principally as a result of the changes in fair value of available-for-sale financial assets.

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38. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

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 Company’s foreign currency denominated assets and liabilities as of 31 December 2008 and 31 December 2007 is as follows:

<u>31 December 2008</u>	TL Equivalent (Functional currency)	<u>USD</u>	<u>Euro</u>
Cash and cash equivalents	395,183	261,312	-
Current assets	395,183	261,312	-
Total assest	395,183	261,312	-
Net foreign currency position	395,183	261,312	-

<u>31 December 2007</u>	TL Equivalent (Functional currency)	<u>USD</u>	<u>Euro</u>
Cash and cash equivalents	336,412	288,840	-
Current assets	336,412	288,840	-
Total assest	336,412	288,840	-
Net foreign currency position	336,412	288,840	-

As of 31 December 2008 and 31 December 2007 there are no off-balance sheet items denominated in foreign currencies.

Foreign currency sensitivity

The Company is exposed to foreign exchange risk arising from US Dollar exposures.

The following table details the Company’s sensitivity to a 10% increase and decrease in the TL against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

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(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

38. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont’d)

Foreign currency risk management (cont’d)

Foreign currency sensitivity (cont’d)

31 December 2008	Profit / Loss		Equity	
	Value increase in foreign currency	Value decrease in foreign currency	Value increase in foreign currency	Value decrease in foreign currency
Revaluation/devaluation of US Dollars against TL by 10%				
1- US Dollars net assets / liabilities	39,518	(39,518)	-	-
2- US Dollars hedged portion (-)	-	-	-	-
3- TOTAL (1 +2)	39,518	(39,518)	-	-

31 December 2007	Profit / Loss		Equity	
	Value increase in foreign currency	Value decrease in foreign currency	Value increase in foreign currency	Value decrease in foreign currency
Revaluation/devaluation of US Dollars against TL by 10%				
1- US Dollars net assets / liabilities	33,641	(33,641)	-	-
2- US Dollars hedged portion (-)	-	-	-	-
3- TOTAL (1 +2)	33,641	(33,641)	-	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

39. FINANCIAL INSTRUMENTS

Categories of financial instruments and fair values (*)

31 December 2008	Financial assets at amortized cost	Loans and receivables	Available for sale financial assets	Financial liabilities at amortized cost	Carrying value	Fair value	Note
<u>Financial assets</u>							
Cash and cash equivalents	26,574,177	-	-	-	26,574,177	26,574,177	6
Trade receivables	-	2,487,150	-	-	2,487,150	2,487,150	10
Due from related parties	-	-	-	-	-	-	
Other financial assets	-	-	-	-	-	-	
<u>Financial liabilities</u>							
Financial liabilities	-	-	-	-	-	-	
Trade payables	-	-	-	251	251	251	10
Due to related parties	-	-	-	-	-	-	
Other financial liabilities	-	-	-	40,776	40,776	40,776	26
31 December 2007	Financial assets at amortized cost	Loans and receivables	Available for sale financial assets	Financial liabilities at amortized cost	Carrying value	Fair value	Note
<u>Financial assets</u>							
Cash and cash equivalents	24,255,915	-	-	-	24,255,915	24,255,915	6
Trade receivables	-	748,001	-	-	748,001	748,001	10
Due from related parties	-	-	-	-	-	-	11
Other financial assets	-	-	-	-	-	-	
<u>Financial liabilities</u>							
Financial liabilities	-	-	-	-	-	-	
Trade payables	-	-	-	6,740	6,740	6,740	10
Due to related parties	-	-	-	-	-	-	
Other financial liabilities	-	-	-	95,318	95,318	95,318	26

(*) Financial assets and liabilities accounted for at fair value are not included in the table above.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

39. FINANCIAL INSTRUMENTS (cont’d)

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

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

Financial assets:

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

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

Financial liabilities:

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

40. SUBSEQUENT EVENTS

None.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

41. OTHER MATTERS THAT MAY SIGNIFICANTLY EFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES THAT ARE NECESSARY TO BE DISCLOSED FOR CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS

Restatement of Prior Period Financial Statements

The Company prepared its financial statements in accordance with Communiqué Serial XI No: 29 for the first period after 1 January 2008. In order to comply with Communiqué Serial XI No: 29 the necessary changes in accounting policies were made as of 1 January 2007. The Company made the following adjustments to its opening financial statements as of 31 December 2006 within the context of IFRS 1 “International Financial Reporting Standards” in accordance with Communiqué Serial XI No: 29.

- IFRS 3 (“Business Combinations”) requires that if the acquirer's interest in the net fair value of the acquired identifiable net assets exceeds the cost of the business combination, that excess (referred to as negative goodwill) must be recognised immediately in the income statement as a gain. In the financial statements prepared in accordance with Communiqué Serial: XI, No: 25, negative goodwill was subject to amortization. As a result of this restatement, the shareholders’ equity as of 1 January 2007 increased by TL 549,606 and profit before tax for the period of 1 January-31 December 2007 decreased by TL 549,606; no change occurred in the shareholders’ equity as of 31 December 2007. This restatement does not have any tax effect.

	<u>Net profit</u>	<u>Shareholders’ equity</u>
As of 31 December 2006, as previously reported	6,910,383	24,385,662
Negative goodwill restatement	(206,104)	549,606
As of 31 December 2006, restated	<u>6,704,279</u>	<u>24,935,268</u>

Since the presentation or classification of the financial statements have been changed during the preparation of the financial statements in accordance with the Communiqué Serial: XI, No: 29, prior period’s financial statements and footnotes are reclassified in order to maintain consistency and comparability. The following table summarizes the reclassifications made to the prior period’s financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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41. OTHER MATTERS THAT MAY SIGNIFICANTLY EFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES THAT ARE NECESSARY TO BE DISCLOSED FOR CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS (cont’d)

Restatement of Prior Period Financial Statements (cont’d)

Opening financial statements as of 1 January 2007	Prepared in accordance with Communique Serial XI, No:25	Adjustments/ Reclassifications	Prepared in accordance with Communique Serial XI, No:29
ASSETS			
Current Assets	21,880,891	-	21,880,891
Cash and cash equivalents	20,334,880	-	20,334,880
Financial assets	389,440	-	389,440
Trade receivables	1,049,029	-	1,049,029
Other receivables	563	-	563
Other current assets	106,979	-	106,979
Non-Current Assets	3,297,632	549,606	3,847,238
Financial assets	3,023,172	-	3,023,172
Negative goodwill	(549,606)	549,606	-
Tangible fixed assets	506,267	-	506,267
Intangible fixed assets	317,799	-	317,799
TOTAL ASSETS	25,178,523	549,606	25,728,129

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

41. OTHER MATTERS THAT MAY SIGNIFICANTLY EFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES THAT ARE NECESSARY TO BE DISCLOSED FOR CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS (cont’d)

Restatement of Prior Period Financial Statements (cont’d)

Opening financial statements as of 1 January 2007	Prepared in accordance with Communique Serial XI, No:25	Adjustments/ Reclassifications	Prepared in accordance with Communique Serial XI, No:29
LIABILITIES			
Short-Term Liabilities	736,103	-	736,103
Trade payables	65,897	-	65,897
Trade payables due to related parties	65,897	-	65,897
Other trade payables	-	-	-
Other payables	-	134,976	134,976
Corporate tax payable	-	385,572	385,572
Provisions	385,572	(385,572)	-
Other short-term liabilities	284,634	(134,976)	149,658
Long-Term Liabilities	56,758	-	56,758
Provisions related to employee benefits	48,205	-	48,205
Deferred tax liabilities	8,553	-	8,553
Shareholders’ Equity	24,385,662	549,606	24,935,268
Paid-in capital	15,000,000	-	15,000,000
Inflation adjustment to share capital	-	-	-
Premium in excess of par	-	-	-
Restricted reserves appropriated from profits	1,278,089	-	1,278,089
Extraordinary reserves	1,197,190	(1,197,190)	-
Retained earnings	-	1,952,900	1,952,900
Net loss for the period / (profit)	6,910,383	(206,104)	6,704,279
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY	25,178,523	549,606	25,728,129

İŞ PORTFÖY YÖNETİMİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2008

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İŞ PORTFÖY YÖNETİMİ A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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41. OTHER MATTERS THAT MAY SIGNIFICANTLY EFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES THAT ARE NECESSARY TO BE DISCLOSED FOR CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS (cont'd)

Restatement of Prior Period Financial Statements (cont'd)

31 December 2007	Prepared in accordance with Communique Serial XI, No:25	Adjustments/ Reclassifications	Prepared in accordance with Communique Serial XI, No:29
ASSETS			
Current Assets	28,382,731	-	28,382,731
Cash and cash equivalents	24,256,722	-	24,256,722
Financial assets	3,247,310	-	3,247,310
Trade receivables	748,001	-	748,001
Other receivables	637	-	637
Other current assets	130,061	-	130,061
Non-Current Assets	858,158	-	858,158
Tangible fixed assets	439,575	-	439,575
Intangible fixed assets	316,311	-	316,311
Deffered tax assets	102,272	-	102,272
TOTAL ASSETS	29,240,889	-	29,240,889

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)

41. OTHER MATTERS THAT MAY SIGNIFICANTLY EFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES THAT ARE NECESSARY TO BE DISCLOSED FOR CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS (cont’d)

Restatement of Prior Period Financial Statements (cont’d)

31 December 2007	Prepared in accordance with Communique Serial XI, No:25	Adjustments/ Reclassifications	Prepared in accordance with Communique Serial XI, No:29
LIABILITIES			
Short-Term Liabilities	928,424	-	928,424
Trade payables	6,740	-	6,740
Other payables	-	115,941	115,941
Corporate tax payable	-	210,425	210,425
Provisions	710,425	(710,425)	-
Reserves for employee benefits	-	500,000	500,000
Other short-term liabilities	211,259	(115,941)	95,318
Long-Term Liabilities	63,184	-	63,184
Reserves for employee benefits	63,184	-	63,184
Shareholders’ Equity	28,249,281	-	28,249,281
Paid-in capital	21,000,000	-	21,000,000
Inflation adjustment to share capital	-	-	-
Premium in excess of par	-	-	-
Revaluation funds	(187,139)	-	(187,139)
Restricted reserves appropriated from profits	1,671,764	-	1,671,764
Extraordinary reserves	213,898	(213,898)	-
Retained earnings	-	763,504	763,504
Net loss for the period / (profit)	5,550,758	(549,606)	5,001,152
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY	29,240,889	-	29,240,889

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

41. OTHER MATTERS THAT MAY SIGNIFICANTLY EFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES THAT ARE NECESSARY TO BE DISCLOSED FOR CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS (cont'd)

Restatement of Prior Period Financial Statements (cont'd)

1 January-31 December 2007	Prepared in accordance with Communique Serial XI, No:25	Adjustments/ Reclassifications	Prepared in accordance with Communique Serial XI, No:29
<u>CONTINUED OPERATIONS</u>			
Sales revenue	169,986,189	(169,986,189)	-
Cost of sales (-)	(169,615,702)	169,615,702	-
Revenue on services given	7,625,992	(7,625,992)	-
Other operating income	30,161	(30,161)	-
Operating income	-	7,625,992	7,625,992
GROSS PROFIT / (LOSS)	8,026,640	(400,648)	7,625,992
Marketing, sales and distribution expenses (-)	(270,904)	-	(270,904)
General administrative expenses (-)	(5,227,765)	-	(5,227,765)
OPERATING PROFIT / (LOSS)	2,527,971	(400,648)	2,127,323
Finance incomes	-	4,210,928	4,210,928
Finance expenses (-)	-	(81,888)	(81,888)
Other operating income	4,370,418	(4,359,886)	10,532
Other operating expenses (-)	(81,888)	81,888	-
PROFIT / (LOSS) BEFORE TAXATION FROM CONTINUED OPERATIONS	6,816,501	(549,606)	6,266,895
Taxation benefit / expense from continued operations			
- Current tax charge	(1,366,719)	-	(1,366,719)
- Deffered tax income	100,976	-	100,976
	(1,265,743)	-	(1,265,743)
PROFIT / (LOSS) FOR THE PERIOD	5,550,758	(549,606)	5,001,152
Earning / (loss) per share from continuing operations	-	-	-
Diluted earning / (loss) per share from continuing operations	-	-	-