CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

BORSA İSTANBUL

Benchmark for Investment

CONVENIENCE TRANSLATION INTO
ENGLISH OF FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2015
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

BORSA İSTANBUL

Benchmark for Investment

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

To the Board of Directors of Borsa İstanbul A.Ş.

1. We have audited the accompanying consolidated financial statements of Borsa İstanbul A.Ş. and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of comprehensive income, changes in shareholders' equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

4. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Borsa İstanbul A.Ş. and its subsidiaries as at 31 December 2015, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Engin Çubukçu, SMMM
Partner

Istanbul, 7 March 2016

CONTENTS

BORSA İSTANBUL A.Ş.
CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

	Notes	31 December 2015	31 December 2014
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	6,900,037	5,317,610
Trade receivables	7	214,688	207,806
Other current assets	8	12,448	6,693
Total current assets		**7,127,173**	**5,532,109**
NON-CURRENT ASSETS			
Other receivables		19	19
Financial investments	6	252,065	174,534
- Available for sale financial assets	6	67,584	5,278
- Held-to-maturity financial assets	6	184,481	169,256
Investments accounted by equity method	5	24,090	1,577
Investment properties	9	13,250	12,500
Property, plant and equipment	10	149,912	105,550
Intangible assets	11	282,959	233,124
Deferred tax assets	24	16,254	21,853
Other non-current assets	8	7,687	23,095
Total non-current assets		**746,236**	**572,252**
TOTAL ASSETS		**7,873,409**	**6,104,361**

The Board of Directors has the right to approve and change the consolidated financial statements for the year ended 31 December 2015. On 7 March 2016, Executive Vice President Osman Küçükçınar and Manager of the Accounting and Finance Department Ahmet Yılmaz declared that the financial statements are prepared in accordance with effective accounting policies. General Assembly has the power to amend the financial statements.

The accompanying notes between pages 7 and 57 are an integral part of these consolidated financial statements.

BORSA İSTANBUL A.Ş.
CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

	Notes	31 December 2015	31 December 2014
LIABILITIES			
CURRENT LIABILITIES			
Short term borrowings	14	2,413,323	1,772,277
Trade payables		433,330	265,821
- Due to related parties	13	50,940	90,684
- Other trade payables	13	382,390	175,137
Current income tax liabilities	24	18,317	15,831
Other current liabilities	17	3,350,004	2,666,826
Total current liabilities		**6,214,974**	**4,720,755**
NON-CURRENT LIABILITIES			
Trade payables	13	429,524	68,161
- Due to related parties	13	429,524	68,161
Provisions for employee benefits	16	73,958	70,688
Other non-current liabilities	17	2,235	1,204
Total non-current liabilities		**505,717**	**140,053**
SHAREHOLDER'S EQUITY			
Equity holders of the parent		782,279	913,906
Capital and capital reserves	18	375,090	731,651
Other comprehensive income / expense not to be reclassified to profit or loss			
- Remeasurement of defined benefit obligation		(6,873)	(5,613)
Other comprehensive income / expense to be reclassified to profit or loss			
- Currency translation differences		71	-
Retained earnings		187,204	48,323
Net profit for the year		226,787	139,545
Non-controlling interests		370,439	329,647
Total equity		**1,152,718**	**1,243,553**
TOTAL EQUITY AND LIABILITIES		**7,873,409**	**6,104,361**

The accompanying notes between pages 7 and 57 are an integral part of these consolidated financial statements.

BORSA İSTANBUL A.Ş.
CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

	Notes	1 January - 31 December 2015	Separately disclosed items (*) 1 January - 31 December 2015	1 January - 31 December 2015	1 January - 31 December 2014
CONTINUING OPERATIONS					
Revenue	19	782,935	-	782,935	632,315
Cost of sales (-)	19	(77,513)	-	(77,513)	(71,788)
GROSS PROFIT		**705,422**	**-**	**705,422**	**560,527**
General administrative expenses (-)	20	(282,292)	-	(282,292)	(290,310)
Other operating expenses, net	21	(46,895)	(11,722)	(58,617)	(38,551)
OPERATING PROFIT		**376,235**	**(11,722)**	**364,513**	**231,666**
Share of (loss) / profit of investments accounted by equity method, net of tax	5	(487)	-	(487)	53
PROFIT BEFORE FINANCIAL INCOME /(EXPENSE)		375,748	(11,722)	364,026	231,719
Financial income	23	41,657	-	41,657	26,509
Financial expenses (-)	23	(14,006)	-	(14,006)	(3,686)
CONTINUED OPERATIONS		**403,399**	**(11,722)**	**391,677**	**254,542**
Tax expense from continued operations					
- Income tax expense (-)	24	(77,422)	(13,025)	(90,447)	(49,641)
- Deferred tax expense (-)	24	(5,959)	-	(5,959)	(9,580)
PROFIT FOR THE YEAR		**320,018**	**(24,747)**	**295,271**	**195,321**
Profit from continued operations attributable to:					
- Non-controlling interests		68,484	-	68,484	55,776
- Equity holders of the parent		251,534	(24,747)	226,787	139,545
Other comprehensive income:					
Profit for the year		**320,018**	**(24,747)**	**295,271**	**195,321**
Other comprehensive income / expense not to be reclassified to profit or loss					
- Remeasurement of defined benefit obligation		(1,440)	-	(1,440)	(3.048)
Other comprehensive income / expense to be reclassified to profit or loss					
- Currency translation differences		71	-	71	(32)
Other comprehensive expense		**(1,369)**	**-**	**(1,369)**	**(3,080)**
TOTAL COMPREHENSIVE INCOME		**318,649**	**(24,747)**	**293,902**	**192,241**
Total comprehensive income attributable to:					
- Non-controlling interests		68,304	-	68,304	55,038
- Equity holders of the parent		250,345	(24,747)	225,598	137,203

(*) Separately disclosed items that are related with the accounting policy are disclosed in Note 2.1.2.

The accompanying notes between pages 7 and 57 are an integral part of these consolidated financial statements.

BORSA İSTANBUL A.Ş.
CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015 AND 2014

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

	Consolidated Statement of Changes in Shareholders' Equity							
	Capital and capital rezerves	Remeasurement of defined benefit obligation	Currency translation differences	Retained earning	Net profit for the year	Equity holders of the parent	Non-controlling interests	Total Equity
1 January 2014	**731,651**	**(3,303)**	**32**	**-**	**55,894**	**784,274**	**314,351**	**1,098,625**
Transfers	-	-	-	55,894	(55,894)	-	-	-
Net profit for the year	-	-	-	-	139,545	139,545	55,776	195,321
Other comprehensive expense	-	(2,310)	(32)	-	-	(2,342)	(738)	(3,080)
tal comprehensive income / (expense)	**731,651**	**(5,613)**	**-**	**55,894**	**139,545**	**921,477**	**369,389**	**1,290,866**
Dividend payment	-	-	-	-	-	-	(6,420)	(6,420)
Transactions with non-controlling interests	-	-	-	(7,571)	-	(7,571)	(33,322)	(40,893)
31 December 2014	**731,651**	**(5,613)**	**-**	**48,323**	**139,545**	**913,906**	**329,647**	**1,243,553**
1 January 2015	**731,651**	**(5,613)**	**-**	**48,323**	**139,545**	**913,906**	**329,647**	**1,243,553**
Net profit for the year	-	-	-	-	226,787	226,787	68,484	295,271
Other comprehensive (expense) / income	-	(1,260)	71	-	-	(1,189)	(180)	(1,369)
Transfers and other transactions	(356,561)	-	-	139,545	(139,545)	(356,561)	-	(356,561)
Total comprehensive income / (expense)	**375,090**	**(6,873)**	**71**	**187,868**	**226,787**	**782,943**	**397,951**	**1,180,894**
Dividend payment	-	-	-	(1,664)	-	(1,664)	(27,554)	(29,218)
Changes in the consolidation scope	-	-	-	1,000	-	1,000	42	1,042
31 December 2015	**375,090**	**(6,873)**	**71**	**187,204**	**226,787**	**782,279**	**370,439**	**1,152,718**

The accompanying notes between pages 7 and 57 are an integral part of these consolidated financial statements.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

	Notes	1 January - 31 December 2015	1 January - 31 December 2014
Cash flows provided from operating activities			
Net profit for the year		**295,271**	**195,321**
Adjustments for:			
Tax expense	24	96,406	59,221
Depreciation expense	10	13,477	8,970
Amortization expense	11	8,876	7,202
Loss/ (gain) on sales of fixed assets		1,563	-
Increase in provision for employment termination benefits and service provision	16	5,213	3,974
Increase in fair value of investment properties	9	(750)	(2,000)
Increase in personnel bonus provision	16	8,910	12,102
Increase in unused vacation liability	16	4,089	7,091
Provision for doubtful receivables	7	141	(43)
Expense accrual for Capital Markets Board's share	25	50,654	47,226
Provision no longer required	21	(937)	(2,012)
Share of (loss) / profit of investments accounted by equity method, net of tax	5	487	53
Financial income, net		(27,567)	(23,952)
Unrealized exchange (gain) / loss		(144,412)	-
Cash flow from operating activities before working capital changes		**311,421**	**313,153**
(Increase) / decrease in trade receivables		(7,164)	104,494
(Increase) / decrease in other current assets		(5,755)	19,072
Increase in other non-current assets		(5,745)	(22,855)
Increase in other trade payables		207,253	85,086
Increase in other current liabilities		686,535	50,777
Decrease in due to trade payables	13, 25	(16,046)	(24,296)
Increase in non-current liabilities		1,031	103
Taxes paid		(90,381)	(45,152)
Employment termination benefits paid	16	(533)	(3,962)
Employees's service provision paid	16	(3,463)	(8,362)
Capital Market Board's share paid		(87,211)	-
Personnel bonus paid		(12,102)	-
Unused vacation paid	16	(644)	(1,868)
Collection from doubtful receivables	7	141	38

	Notes	1 January - 31 December 2015	1 January - 31 December 2014
Net cash generated from operating activities		**665,916**	**153,075**
Cash flows from investing activities			
Cash proceed from sales of property, plant and equipment		254	1,679
Purchase of property, plant and equipment	10	(111,445)	(77,065)
Purchase of intangible assets	11	(6,922)	(19,353)
(Acquisitions) / sale of held to maturity financial assets, net	6	(15,225)	145,623
Purchase of available for sale assets	6	(62,306)	(939)
Cash used for investments accounted by equity method		(847)	(75)
Interests received		25,546	25,707
Interest and commissions paid	23	(205)	(334)
Advances given for the acquisition of shares related to non-controlling interests		-	(21,084)
Acquisition of minority shares related to non-controlling interests		-	(40,893)
Net cash (used in)/ generated from investment activities		**(171,150)**	**13,266**
Cash flows generated from financial activities			
Dividend payment		(29,218)	(6,420)
Change in short term borrowings, net		370,615	(470,442)
Net cash generated from/ (used in) financial activities		**341,397**	**(476,862)**
Net increase in cash and cash equivalents		**1,147,584**	**2,632**
Effects of currency translation on cash and cash equivalents		432,617	(2,631)
Change in restricted bank deposit		(4,278)	288,249
Cash and cash equivalents at the beginning of the period		5,301,852	5,013,602
Cash and cash equivalents at the end of the period	4	**6,877,775**	**5,301,852**

The accompanying notes between pages 7 and 57 are an integral part of these consolidated financial statements.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Borsa Istanbul Anonim Sirketi ("BİST" or "the Company") was founded in order to engage in stock exchange operations as per Article 138 of Capital Markets Law No. 6362 promulgated in the Official Gazette and enacted on 30 December 2012, and received official authorization upon the registration and announcement of its articles of association on 3 April 2013. BİST is a private legal entity and was founded based on the aforementioned Law in order to create, found and develop markets, platforms and systems, and other organized marketplaces and to manage and/or operate these markets, platforms and systems and other stock exchanges or stock exchange markets in a way that ensures: the purchase and sale of capital market instruments, foreign exchange and precious metals and precious stones and other agreements, documents and assets approved by the Capital Markets Board ("CMB") under free competition conditions in an easy and secure way and on a transparent, actively competitive, fair and stable platform; the gathering and finalizing of related purchase and sales orders or making it easier to gather these orders; and the determination and announcement of prices occurs within the scope of related legislation.

As per paragraph 2 of Article 138 of Capital Markets Law No. 6362, the Articles of Association of BİST prepared by the Capital Markets Board were registered with the trade registry on 3 April 2013 following the approval of the related Minister. Similarly, as per paragraphs 4 and 5 of the same article of the Law, the legal entities İstanbul Menkul Kıymet Borsası ("IMKB"), established as per repealed Statutory Decree No. 91, and İstanbul Altın Borsası ("IAB"), established as per article 40/A of repealed Law No. 2499, have been terminated, and for these two institutions all kinds of assets, payables and receivables, rights and obligations, records and other documents (including those on electronic media) have been transferred to BİST in their entirety, with those exceptions required by law, with no further action needed, on the date of the registration of the Articles of Association of BİST. All actions of BİST as of this date were recognized upon the acceptance of 3 April 2013 as the establishment date of the Company.

Intermediary institutions (intermediary establishments and banks) authorized by the Capital Markets Board to engage in intermediary operations can be members of BİST. Intermediary institutions that will trade at BİST are required to get stock exchange membership document from BİST.

As of 31 December 2015, BIST and the Group have respectively 574 and 1,072 (31 December 2014: 559 and 1,022) employees. BIST is located in Reşit Paşa Mahallesi, Tuncay Altun Caddesi, Emirgan / İstanbul.

The Company's controlling shareholder is the Republic Of Turkey Prime Ministry Undersecretariat Of Treasury. As at 31 December 2015 and 2014, the Company's shareholder structure and is as follows:

	31 December 2015	31 December 2014
Republic of Turkey Prime Ministry Undersecretariat of Treasury	73.60%	49.00%
European Bank for Reconstruction and Development (*)	10.00%	-
Nasdaq OMX (**)	7.00%	5.00%
Turkish Capital Markets Association (***)	1.30%	1.30%
BİST (the Company itself) (****)	-	36.60%
Other	8.10%	8.10%
	100.00%	**100.00%**

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (Continued)

(*) The Company signed "Share Purchase Agreement" with European Bank for Reconstruction and Development ("EBRD") at 9 December 2015. In accordance with the agreement, 10% of Borsa İstanbul shares were transferred to EBRD. The share transfer was approved in the General Assembly meeting at 7 December 2015 and registered at 10 December 2015. These shares which were registered to EBRD, can be sold back to Borsa İstanbul A.Ş. by EBRD until 31 March 2018 over the purchase price if an initial public offering has not taken place before 31 December 2017. These shares which were registered to EBRD will be accounted under the capital adjustments until the date when the selling back condition is invalid.

(**) The Company signed agreements with Nasdaq OMX ("Nasdaq") to build a comprehensive strategic partnership on 31 December 2013. Within the context of these agreements, Nasdaq will replace all the software underlying the technological infrastructure of the markets within the Company with software packages developed according to the Company needs. Furthermore, Nasdaq will provide the consultancy services needed for the implementation of these technologies for three years. Nasdaq will also provide training support to BIST regarding human resources and technological know-how for a wide range of projects from index calculations to marketing.

BIST, which has the ownership and the source code of the said technologies for which competency and know-how will be transferred, is entitled to sell these technologies in 25 countries. Within the framework of the agreement, the payments to be made by BIST to Nasdaq shall be in the form of a) transfer of 5% shares, b) deferred payment or transfer of 2% additional shares, and c) cash payment, which shall be made in installments. As per provisions of the agreement, 5% of BIST shares were transferred to Nasdaq OMX. The additional value arose as a result of these transactions is accounted under share premiums accounts as of 31 December 2013. Additionally, BIST and Nasdaq own both options to demand 5% of shares of BIST as of August 2018 in return for 75 million USD. Additional transfer of 2% is realized as of 31 December 2015 and the Company has right of mortgage over the shares. Transfer of shares are registered at 30 December 2015. As of 31 December 2015, the deadline for the option both sides have to give/take back the related 2% of shares in exchange for 30 million USD is deferred to 30 June 2018. This option is accounted for under "trade payables to related parties" which is under long term liabilities in the financial statements as of 31 December 2015.

(***) Formerly named as TACMIIT (The Association of Capital Market Intermediary Institutions of Turkey).

(****) As per Capital Markets Law No.6362 dated 30 December 2012, the Company transferred 24.6% of share to Republic of Turkey Prime Ministry Undersecretariat of Treasury at 30 December 2015 and this transfer is registered at 30 December 2015.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries

The Company's subsidiaries ("the Subsidiaries"), their principal activities and the countries in which they operate are stated below:

		Effective ownership of interest (%)	
Subsidiaries	Area of activity	31 December 2015	31 December 2014
İstanbul Takas ve Saklama Bankası A.Ş.	Bank	62.25	62.25
Merkezi Kayıt Kuruluşu A.Ş.	Custodian	70.50	70.50
İstanbul Gemoloji Enstitüsü A.Ş.	Precious gems	51.00	2.00

İstanbul Takas ve Saklama Bankası Anonim Şirketi

Istanbul Takas ve Saklama Bankası Anonim Şirketi ("Takasbank") has maintained its operations as a bank which does not accept deposits since 2 January 1996. Takasbank performs custody, exchange and other necessary transactions related to securities on behalf of intermediary institutions. Takasbank also provides custody services on a customer basis. The headquarter of Takasbank is located in Istanbul and the Company does not have any branch.

Merkezi Kayıt Kuruluşu Anonim Şirketi

Merkezi Kayıt Kuruluşu Anonim Şirketi ("MKK") was established in Istanbul, Turkey to control the consistency of records kept on a member group basis by tracking the records for capital market instruments recorded on the basis of issuers, intermediary institutions and beneficiaries and related rights. MKK started its operations on 26 September 2001.

İstanbul Gemoloji Enstitüsü Sanayi ve Ticaret Anonim Şirketi

Istanbul Gemoloji Enstitüsü Sanayi ve Ticaret Anonim Şirketi was founded in Istanbul, Turkey and started its operations as of 14 June 2011 upon the subjects of performing scientific research and development upon precious gems, precious metals and any materials that could replace these gems, trading and lending transactions of precious gems and to perform transactions related to capital market instruments which are propped up to the precious gems. Group has raised its shareholding in "Istanbul Gemoloji Enstitüsü San. ve Tic. A.Ş. from 2% to 51% at 31 December 2014 by acquisition of TL 50 of shares in the related subsidiary. The registration of this transaction was completed at 30 January 2015.

Joint ventures

Areas of activities and business locations of joint ventures of the Company are as stated below:

		Effective ownership of interest (%)	
Joint ventures	Area of activity	31 December 2015	31 December 2014
Finans Teknopark A.Ş.	Technology	50.00	-
Borsa İstanbul İTÜ Teknoloji A.Ş.	Technology	50.00	-
Enerji Piyasaları İşletme A.Ş. ("EPİAŞ")	Energy market operations	34.16	-

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Joint ventures (Continued)

Finans Teknopark A.Ş.

Finans Teknopark A.Ş. is established in Turkey and started its operations at 9 January 2015 in order to ensure the collaboration of research institutions and organizations and finance and production sectors, to globalize the finance and industry sector's competition abilities, and to direct these sectors rotation to export, and ultimately to ensure the technological substructure that will produce technological and financial information.

Borsa İstanbul İTÜ Teknoloji A.Ş.

Main area of activity of Borsa İstanbul İTÜ Teknoloji A.Ş. is to operate in informatics and technology sectors. There are no other significant area of activities of the firm.

Enerji Piyasaları İşletme A.Ş. ("EPİAŞ")

Main area of activity of Enerji Piyasaları İşletme A.Ş. ("EPİAŞ") is to establish, plan, develop and operation of energy markets that are included in market operation licence, in a way that ensures efficiency, transparency and security of these markets.

Associates

Areas of activities and business locations of associates of the Company are as stated below:

		Effective ownership of interest (%)	
Associates	Area of activity	31 December 2015	31 December 2014
Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	Licence	33.94	33.94
Kyrgyz Stock Exchange	Stock market operations	24.51	24.51
Montenegro Stock Exchange	Stock market operations	24.39	24.39

Sermaye Piyasası. Lisanslama Sicil ve Eğitim Kuruluşu A.Ş. ("SPL")

Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş. ("SPL") is authorized by Capital Markets Board ("Board") and started its operations in 2011 to grant licences to the employees work in capital markets institutions and publicly-held corporations, hold the licence records of the licence owners and to organize education programs related to the licences.

Kyrgyz Stock Exchange

Main area of activity of Kyrgyz Stock Exchange is to operate the stock market transactions in Kyrgyzstan.

Montenegro Stock Exchange

Main area of activity of Montenegro Stock Exchange is to operate the stock market transactions in Montenegro.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Preparation of financial statements

BİST and BİST's subsidiaries operating in Turkey maintains (together referred to the "Group") their accounting records and prepares their statutory financial statements in TL and in accordance with the Turkish Commercial Code ("TCC"), tax legislation and Uniform Chart of Accounts issued by the Ministry of Finance. The subsidiaries incorporated outside of Turkey maintain their books of account and prepare their statutory financial statements in accordance with the regulations of the countries in which they operate.

These consolidated financial statements are prepared according to the International Financial Reporting Standards ("IFRS"). These consolidated financial statements are based on the statutory records, which are maintained adjustments and reclassifications under historical cost conversion, with the required adjustments and reclassifications in accordance with IFRS.

The preparation of the consolidated financial statements requires the use of judgments and estimates which might affect the amounts of assets and liabilities, explanation of commitments and contingent liabilities which were reported as of the balance sheet date and the revenues and expenses which were reported throughout the period. Even though, these judgments and estimates are based on the best estimates of the Company's management, the actual results might differ from them.

2.1.2 Basis for the presentation of separately disclosed items

The group's income statement and segmental analysis separately identifies trading results before significant one-off or unusual items (specific items), a non GAAP measure. The presentation of separately disclosed items relates to non-financial information has been prepared according to IFRS. This is consistent with the way that financial performance is measured by management and assists in providing a meaningful analysis of the trading results of the group. Furthermore, the group considers a columnar presentation to be appropriate as it improves the clarity of the presentation and is consistent with the way that financial performance is measured and reported to the board of directors. Specific items may not be comparable to similarly titled measures used by other companies. Group had determined the separately disclosed items as one-off items in expenses. There is no item which is to be disclosed separately that belongs to 1 January - 31 December 2014 period (Note 22).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Amendments in International Financial Reporting Standards

The Group has implemented the new and revised standards and interpretations effective from 31 December 2015 which are related to its main operations.

The new standards, amendments and interpretations which are effective for the financial statements as of 31 December 2015:

- Amendment to IAS 19 regarding defined benefit plans, effective from annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

- Annual improvements 2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project that affect 7 standards:

- IFRS 2, Share-based payment
- IFRS 3, Business Combinations
- IFRS 8, Operating segments
- IFRS 13, Fair value measurement
- IAS 16, Property, plant and equipment' and IAS 38, Intangible assets
- Consequential amendments to IFRS 9, Financial instruments, IAS 37, Provisions, contingent liabilities and contingent assets
- IAS 39, Financial instruments - Recognition and measurement

- Annual improvements 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-12-13 cycle of the annual improvements project that affect 4 standards:

- IFRS 1, First time adoption
- IFRS 3, Business combinations
- IFRS 13, Fair value measurement
- IAS 40, Investment property

The new standards, amendments and interpretations introduced to the prior financial statements as of 31 December 2015:

- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

- Amendments to IAS 16 'Property, plant and equipment', and IAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Amendments in International Financial Reporting Standards (Continued)

- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortization, effective from annual periods beginning on or after1 January 2016. In this amendment it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

- IFRS 14 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016. IFRS 14, 'Regulatory deferral accounts' permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognize such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

- Amendments to IAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

- Annual improvements 2014; effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:

- IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
- IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.
- IAS 19, 'Employee benefits' regarding discount rates.
- IAS 34, 'Interim financial reporting' regarding disclosure of information.

- Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports

- Amendment to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Amendments in International Financial Reporting Standards (Continued)

- IFRS 15, 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IAS and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

- IFRS 9, 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

The Group will evaluate the effect of the aforementioned changes within its operations and apply the changes if necessary starting from effective date.

2.3 Comparative information

In accordance with IFRS, it is obligatory to present an entity's consolidated financial statements with comparative information related to the prior period. The Group's consolidated statements of financial position, consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in shareholder's equity and consolidated statements of cash flow have been prepared comparatively with the prior period as of 31 December 2015.

2.4 Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Income and expense items are stated with net-off balances only if allowed by the accounting standards or for the similar transactions in profit and loss items of the Group like purchase and sales transactions.

2.5 Going concern

Group prepared the consolidated financial statements according to going concern principles.

2.6 Financial statements of subsidiaries operating in foreign countries

Financial statements of subsidiaries that are operating in foreign countries are prepared in accordance with the laws and regulations in force in the countries in which they are registered in and required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Group's accounting policies.

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

• assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
• income and expenses for each income statement are translated at average exchange rates; and all resulting exchange differences are recognized as a separate component of equity and statements of comprehensive income.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Financial statements of subsidiaries operating in foreign countries (Continued)

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.7 Consolidation principles

These consolidated financial statements include the accounts of parent company BİST and its Subsidiaries. The financial statements of the companies included in the consolidation are based on the accounting principles and presentation basis applied by the Group in accordance with IFRS. The result of operations of Subsidiaries are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date that the control over operations had been transferred to the parent company. Where necessary, accounting policies for Subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Subsidiaries are companies in which BİST has the power to control the financial and operating policies for the benefit of BİST either (1) through the power to exercise more than 50% of voting rights related to shares in the companies as a result of shares owned directly and indirectly by itself whereby BİST exercises control over the voting rights of the shares held by them; or (2) although not having the power to exercise more than 50% of the voting rights, through the exercise of actual dominant influence over the financial and operating policies.

Proportion of ownership interest represents the effective shareholding of the Group through the shares held directly by BİST and indirectly by its Subsidiaries. The table below sets out all Subsidiaries included in the scope of consolidation and shows their shareholding structure at 31 December 2015 and 2014 as follows:

	Effective ownership of interest (%)	
Subsidiaries	31 December 2015	31 December 2014
Merkezi Kayıt Kuruluşu A.Ş.	70.50	70.50
İstanbul Takas ve Saklama Bankası A.Ş.	62.25	62.25
İstanbul Gemoloji Enstitüsü San. ve Tic. A.Ş. (*)	51.00	2.00

(*) The Group raised its shareholding in "Istanbul Gemoloji Enstitüsü San. ve Tic. A.Ş." from 2% to 51% at 31 December 2014 by acquisition of TL 50 of shares in the related subsidiary. The registration of this transaction was completed at 30 January 2015.

The minority shareholders' share in the net assets and results for the period for subsidiaries are separately classified in the consolidated balance sheets and statements of income as "non-controlling interest".

In the event that the equity capital ratio held by entities with a non-controlling interest changes, the book values of the controlling (parent company) and non-controlling interests are adjusted with the purpose of reflecting the change in their respective interest in the subsidiary. The difference between the adjusted amount of the non-controlling interest and the fair value of the share price, which is paid or received, is directly recognised under equity and is distributed to the parent company's shareholders.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 Consolidation principles (Continued)

Investments in associated undertakings are accounted for by the equity method of accounting. These are undertakings over which the Group generally has between 20% and 50% of the voting rights; which the Group has significant influence, but no controlling power. Unrealized gains on transactions between the Group and its associated undertakings are eliminated to the extent of the Group's interest in the associated undertakings; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Equity accounting is discontinued when the carrying amount of the investment in an associated undertaking reaches zero in respect of the associated undertaking or significant influence of the Company ceases. The carrying amount of the investment at the date when significant influence ceases is regarded as cost thereafter.

Joint ventures

The table below sets out the joint ventures accounted by equity method, the proportion of voting power held by the Group and its subsidiaries and effective ownership interests at 31 December 2015 and 2014:

	Effective ownership of interest (%)	
Joint ventures	31 December 2015	31 December 2014
Finans Teknopark A.Ş.	50.00	-
Borsa İstanbul İTÜ Teknoloji A.Ş.	50.00	-
Enerji Piyasaları İşletme A.Ş. ("EPİAŞ") (*)	34.16	-

(*) The Group has decided to sell 4.16% of C group of shares owned in EPİAŞ within financial year 2015 and sale process is started.

Associates

The table below sets out the subsidiaries accounted for using the accounting under equity method, the proportion of voting power held by the Group and its subsidiaries and effective ownership interests at 31 December 2015 and 2014:

	Etkin ortaklık oranı	
Associates	31 December 2015	31 December 2014
Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	33.94	33.94
Kyrgyz Stock Exchange	24.51	24.51
Montenegro Stock Exchange	24.39	24.39

2.8 Basis of measurement

The financial statements have been prepared on a historical cost basis except for available-for-sale financial assets and investment properties that are measured at fair value.

2.9 Functional and presentation currency

The accompanying financial statements are presented in BİST's functional and presentation currency, which is Turkish Lira ("TL"), in full unless otherwise stated.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.10 Changes in accounting policies and estimates and errors

The valuation principles and accounting policies have been applied consistently to all periods presented in these financial statements. Material changes in accounting policies and material accounting errors are adjusted retrospectively and prior periods' consolidation financial statements are restated. If the changes in accounting estimates are related with a period, they are applied in the period they are related with and if the changes are related with the future periods, they are applied both in the period the change is made and prospectively in the future periods.

2.11 Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements requires the use of judgments and estimates which might affect the amounts of assets and liabilities, explanation of commitments and contingent liabilities which were reported as of the balance sheet date and the revenues and expenses which were reported throughout the period. Even though, these judgments and estimates are based on the best estimates of the Company's management, the actual results might differ from them.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amount recognized in the consolidation financial statements are described in the following notes:

Fair value measurement of investment properties

The significant estimations and assumptions used in the determination of fair value of investment properties that are stated on consolidated financial statements are below:

Akmerkez Office

Akmerkez office, classified as investment property as of 31 December 2015 and 2014, is located on 1,000 m2 ground in Istanbul/Beşiktaş, Nispetiye Mahallesi 83/1 E3 Blok 10. floor.

According to Foreks Gayrimenkul Değerleme ve Danışmanlık A.Ş report which is dated 4 August 2015 and numbered FGD2015/32, Akmerkez office was evaluated by comparison sales method and the fair value amount is TL 13,250 (31 December 2014: TL 12,500). It is assumed that the fair value amount of the related investment property as of 31 December 2015 is approximate to the fair value stated in the valuation report dated 4 August 2015.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.11 Significant accounting judgments, estimates and assumptions (Continued)

Provisions for employment termination benefits

The assumptions of provision for employee termination benefits of a major portion of the Group are prepared by an independent actuarial company. Main assumptions that are used in the provision for employee termination benefits are estimated employee turnover rate and discount factor. Discount and probability ratios that are used in the employee termination benefits are as below:

	31 December 2015	31 December 2014
Discount rate	3.79%	3.30%
Estimated employee turnover rate	98.26%	98.91%

Useful lives of intangible assets

Referring to the agreements which the Company had signed with Nasdaq OMX ("Nasdaq"), the useful life of the software that forms the technological substructure of the markets within the Group is determined as 20 years.

2.12 Summary of significant accounting policies

The significant accounting policies used in preparing the consolidation financial statements are described below.

Related parties

Organizations that can be controlled directly or indirectly or have significant impacts over stakeholder ship, contractual rights or with similar ways, are defined as related parties. Company management and the shareholders are also considered as related parties. Related party transactions consists of the transfer of assets or liabilities between related parties with or without charge.

Service revenue

Income generated from ordinary functions is recorded as revenue, on an accrual basis.

The main income items in BIST's operating income are;

Trading fees, securities registration fees, listing fees, data vending income and entrance fees and annual fees of stock exchange members.

Listing fees consist of the initial listing fee/registration fee, the annual listing fee/staying registered fee and the re-listing fee/registration renewal fee. The initial listing fee is collected for each quotation transaction for the nominal securities amounts. Partnerships in the exchange quote of securities pay a fee for each year that they stay registered.

Securities registration fees consist of income declared to BIST on a weekly basis by banks and intermediary institutions. These fees are realized by sales, purchase, repo and reverse repo transactions of securities and accrued on a weekly basis. Trading fees consist of income calculated for each sale and purchase transaction. These transactions take place in the equity market, debt securities market, futures and options market and valuable metals and diamonds market. This income is accrued on monthly and daily basis.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.12 Summary of significant accounting policies (Continued)

Rental income

Rental income from investment properties is recognized as revenue on a straight-line basis over the term of the lease.

Dividend income

Dividend income that is recognized over share investments, are accounted in the financial statements when the shareholders right to obtain the dividend takes places.

Property, plant and equipment

Costs refer to expenditures directly related to acquisition of assets.

Gains/losses arising from the disposal of the property and equipment are calculated as the difference between the net carrying value and the net sales price and recognized in the other operating income or expenses in the related period.

Depreciation

Property and equipment are depreciated over the estimated useful lives of the related assets from the date of acquisition or the date of installation, on a straight-line basis.

The estimated useful lives of property and equipment are as follows:

Property, plant and equipment	Year
Buildings	35-50
Furniture and fixtures	4-15
Machinery and equipment	4-10
Vehicles	5
Other property, plant and equipment	2-16

Expenditures incurred to replace a component of an item of property and equipment that are accounted for separately, including major inspection and overhauls costs, are capitalized. Other subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditures are recognized in profit or loss as an expense as incurred.

Investment properties

The investment properties, which are held either to earn lease income or for capital appreciation or for both, instead of either for the Group's operations or for management purposes or for sale during the daily operations, are classified under other properties.

Investment properties are carried at their fair value on the basis of a valuation made by an independent valuation expert. Changes in fair values of investment properties are recognized in the income statement under other income.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.12 Summary of significant accounting policies (Continued)

Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

Intangible assets

Intangible assets includes information systems, software and other intangibles arose from business mergers. Intangible assets are recognized at acquisition cost and amortized by the straight-line method over their estimated useful lives after their acquisition date. If impairment exists, carrying amounts of the intangible assets are written down immediately to their recoverable amounts. Intangible assets are amortized on a straight-line basis over their estimated useful lives for a period between 3-20 years from the date of acquisition.

Construction in progress assets are amortized when the related intangible assets are ready for use in accordance with the useful lives identified.

Research and development costs

Planned operations that are done in order obtain new technological information or discovery of MKK which is one of the subsidiary of the Group, are defined as research, and the research expenses during this phase is recognized as expense on happening.

Development is defined as the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use and an intangible asset arising from development is recognized when the following are demonstrated by the Company:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale,
b) Its intention to complete the intangible asset and use or sell it,
c) How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset,
d) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset,
e) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs of MKK who is one of the subsidiary of the Group, consists of the personnel salaries, and other personnel costs who are assigned directly in the development of the assets, and the costs related to the services used in the development of the intangible asset.

Development costs of the Group consists of any software packages which are in progress of being developed with regard to all of the software programs that constitutes the technological substructure of the markets which are under the Group's structure in terms of agreements with Nasdaq. Related development costs are recognized initially in construction in progress which is under intangible assets section, and afterwards, the portion that is started to be used actively is being transferred to rights account under intangible assets.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.12 Summary of significant accounting policies (Continued)

Financial instruments

The Group's financial assets consist of cash and cash equivalents, available-for-sale financial assets, trade and other receivables; and financial liabilities consist of trade and other payables.

Non-derivative financial assets

The Group recognizes its trade and other receivables on the date that they are originated. All other financial assets are recognized on the transaction date that the Group becomes a party for related financial agreements. The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset and liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: available-for-sale financial assets, assets held to maturity and loans and receivables.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets and financial assets at fair value through profit or loss or held-to-maturity categories. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

The Group also has investments in unquoted equity investments that are not traded in an active market but are also representing share in capital and classified as available-for-sale financial assets and measured at cost since their fair value cannot be measured reliably.

Financial assets held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, those that the entity designates as available for sale; and those that meet the definition of loans and receivables. Held-to-maturity financial assets are initially recognized at cost and the cost is assumed as fair value. Fair value of the held-to-maturity financial assets is based on the original transaction cost or market value of similar financial assets. Held-to-maturity financial assets are measured at amortized cost using the effective interest method after initial recognition. Interest income related to held-to-maturity assets are accounted under income statement.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.12 Summary of significant accounting policies (Continued)

The Group does not account for a provision for impairment of short-term market fluctuations for the debt securities classified as held-to-maturity financial assets provided that collection risk does not exists. If there is a collection risk, the impairment amount is determined as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, time deposits with maturities less than three months, reverse repurchase agreements, and type B liquid funds that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Time deposits at banks are initially recognized at fair value and then, subsequently measured at amortized cost using the effective interest method. The carrying amount of these assets is close to their fair values.

Trade and other receivables

Trade and other receivables are recognized initially at fair value. At the reporting date, subsequent to initial recognition, trade and other receivables are measured at amortized cost using the effective interest method. When a trade receivable become uncollectible, it is written off against the allowance account. The amount of the allowance account is the difference between the carrying amount of the receivables and the collectible amount. Changes in the carrying amount of the allowance account are recognized in profit or loss. BİST's management believes that carrying value of the trade and other receivables on the statement of financial position approximates to their fair value.

Non-derivative financial liabilities

The Group initially recognizes financial liabilities on the date that they are originated. The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The non-derivative financial liabilities of the Group consist of, financial liabilities, trade and other payables.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.12 Summary of significant accounting policies (Continued)

Paid-in capital

Ordinary shares are classified as equity. Dividend income is recognized as income when right to obtain of dividend is generated. Dividend distribution to the Company's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

Capital reserves

On 3 April 2013, the legal entities, IMKB and IAB, are terminated and all assets, liabilities and receivables, rights and obligations, records and other documents have been transferred to BİST in their entirety, with the exceptions required by law, with no further action needed. The Company's capital has been registered as exact TL 423,234,000 at 3 April 2013. The registered capital of BİST is deducted from the sum of all equity accounts in the consolidated financial statements prepared in accordance with IFRS, which is the basis of transfer accounting and the remaining balance is accounted for as capital reserves.

Share-based payments

An entity has an obligation to settle a share-based payment transaction when it receives the goods or services unless the transaction is clearly for a purpose other than payment for goods or services supplied to the entity receiving them.

An entity shall recognize the goods or services received or acquired in a share-based payment transaction when it obtains the goods or as the services are received. The entity shall recognize a corresponding increase in equity if the goods or services were received in an equity-settled share-based payment transaction, or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

Share premiums

Share premiums represents the difference that is arised from the sale of a subsidiary or an investment accounted by equity method shares that the Company has with a higher amount than their nominal values or the positive difference between the nominal values and the fair values of the shares that the Company had issued related to the firms that the company had acquired.

Treasury shares

Where an entity purchases its own equity shares in the market, these shares should be presented as a deduction from equity, at the amount paid including transaction costs. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments. Treasury shares may be acquired and held by the entity or by other members of the consolidated group Consideration paid and sales consideration should be recognised directly in equity.

Impairment of assets

Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss events had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.12 Summary of significant accounting policies (Continued)

Financial assets measured at amortized cost

The Group considers evidence of impairment for financial assets measured at amortized cost (loans and receivables) at a specific asset level. All assets are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognized. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

Non-financial financial asset

The carrying amount of the Group's non-financial assets, other than investment properties and deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Impairment losses are recognized in profit or loss.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Earnings per share

According to IAS 33 - "Earnings per Share", companies whose shares are not traded in a stock exchange market, are not required to disclose their earnings per share. Since, the Group has no share which is traded in a stock exchange market, earnings per share is not computed in the accompanying consolidated financial statements.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.12 Summary of significant accounting policies (Continued)

Provisions, contingent liabilities and assets

According to IAS 37 - Provisions, contingent liabilities and assets, a provision is recognized when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the specified criteria are not met, the Group discloses the related issues in the accompanying notes. Contingent assets are disclosed in the notes and not recognized unless it is realized.

Lease transactions

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operational leases. All lease transactions of the Group are operational leases. As per Article 138 of Capital Markets Law No. 6362, which entered into force after its promulgation in the Official Gazette dated 30 December 2012, immovable owned by the Istanbul Stock Exchange were registered free of charge at the title deed registry office on behalf of the Undersecretariat of Treasury on an administrative basis and buildings on those immovable were also registered and were left for use by the ISE for 29 years, of which the first 15 years are to be free of charge.

Employment termination benefits

In accordance with existing social legislation, the Group is required to make lump sum termination indemnities to each employee who has completed one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

In the consolidated financial statement, the Group has reflected a liability calculated using "Projected Unit Credit Method" and based upon factors derived using the Group's experience of personnel terminating their services and being eligible to receive benefits, discounted by using the current market yield at the balance sheet date on government bonds.

According to IAS 19 (amendment), "Employment termination benefits", effective for annual periods beginning on or after 1 January 2013, gains / losses occurred due to the changes in the actuarial assumptions used in the calculation of employment termination benefit should be reclassified under the other comprehensive income.

Financial income and financial expenses

Financial income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, and gains on the disposal of available-for-sale financial assets. Interest income is recognized in profit or loss on accrual basis, by the effective interest method. Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established. Financial expenses comprise of commissions paid.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either financial income or financial expenses depending on whether foreign currency movements are in a net gain or net loss position.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.12 Summary of significant accounting policies (Continued)

Segment reporting of financial information

An operating segment is a component of the Group that engages in business activities from which it may earn income and incur expenses, including income and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The management of the Group has not identified any segments, that financial performances of each are followed up separately, and has not presented segment reporting information accordingly.

Taxation

Tax expense or income is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax.

Deferred tax is computed, using the liability method, and by the effective tax rate at balance sheet date. And deferred tax is computed on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against the deductible temporary differences. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred taxes arising from income and expenses accounted under equity are also recorded under equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. The carrying amount of deferred income tax assets is reviewed by the Group at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

NOTE 3 - BUSINESS COMBINATION

None.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 4 - CASH AND CASH EQUIVALENTS

As of 31 December 2015 and 2014, cash and cash equivalents are as follows:

	31 December 2015	31 December 2014
Cash	48	17
Banks - time deposits	6,843,653	5,269,057
Banks - demand deposits	34,581	23,199
Reverse repo receivables	19,366	24,816
Investment funds (B type liquid fund)	2,389	521
Cash and cash equivalents on statement of financial position	**6,900,037**	**5,317,610**
Accruals on cash and cash equivalents	(16,849)	(14,623)
Less: restricted bank deposits	(5,413)	(1,135)
Cash and cash equivalents on statement of cash flows	**6,877,775**	**5,301,852**

Banks-Time deposits

The details of time deposits as of 31 December 2015 and 2014, are as follows:

	Amount (TL)	Interest rate range (%)	Maturity date
31 December 2015			
TL	4,288,336	10.43 - 13.23	4 January 2016 - 13 May 2016
USD	1,768,874	2.21	4 January 2016 - 28 March 2016
EUR	786,443	1.55	4 January 2016 - 19 January 2016
Total	**6,843,653**		

	Amount (TL)	Interest rate range (%)	Maturity date
31 December 2014			
TL	3,404,699	9.00 - 9.71	2 January 2015 - 25 March 2015
USD	1,436,016	2.13 - 2.69	2 January 2015 - 27 February 2015
EUR	428,342	1.92	2 January 2015 - 3 February 2015
Total	**5,269,057**		

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 5 - INVESTMENTS ACCOUNTED BY EQUITY METHOD

None of the Group's Investments accounted by equity method are publicly listed entities and consequentially do not have published price quotations.

Summary of financial information for equity accounted investees are as follows for the year ended 31 December 2015:

Joint Ventures

31 December 2015	Participation rate (%)	Total assets	Total liabilities	Net assets	Net loss for the year	BİST's shares in loss	BİST's share in net assets
Enerji Piyasaları İşletme A.Ş.	34.16	1,437,469	1,380,478	56,991	(4,582)	(1,565)	19,469
Finans Teknopark A.Ş.	50.00	4,198	4,129	69	(31)	(16)	34
Borsa İstanbul İTÜ Teknoloji A.Ş.	50.00	46	12	34	(16)	(8)	17
Total						**(1,589)**	**19,520**

Summary of financial information for equity accounted subsidiaries are as follows for the years ended 31 December 2015 and 2014:

Subsidiaries

31 December 2015	Participation rate (%)	Total assets	Total liabilities	Net assets	Net profit for the year	BİST's shares in profit	BİST's share in net assets
Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	33.94	10,212	1,752	8,460	3,096	1,051	2,871
Montenegro Stock Exchange	24.39	6,378	94	6,284	190	45	1,533
Kyrgyz Stock Exchange	24.51	1,777	1,098	679	23	6	166
Total						**1,102**	**4,570**

31 December 2014	Participation rate (%)	Total assets	Total liabilities	Net assets	Net profit for the year	BİST's shares in profit	BİST's share in net assets
Montenegro Stock Exchange	24.39	5,551	167	5,384	204	50	1,313
Kyrgyz Stock Exchange	24.51	1,173	95	1,078	13	3	264
Total						**53**	**1,577**

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 5 - INVESTMENTS ACCOUNTED BY EQUITY METHOD (Continued)

As of 31 December 2015 and 2014, joint ventures and subsidiaries that are accounted by equity method are as stated below:

	31 December 2015	31 December 2014
Period beginning	**1,577**	**1,555**
Acquisition of subsidiaries and joint ventures during the period	22,929	-
Income and expenses from subsidiaries and joint ventures, net	(487)	53
Foreign currency exchange difference	71	(31)
Period ending	**24,090**	**1,577**

NOTE 6 - FINANCIAL INVESTMENTS

As of 31 December 2015 and 2014, other financial investments are as follows:

	31 December 2015	31 December 2014
Held to maturity financial assets	184,481	169,256
Available-for-sale financial assets	67,584	5,278
	252,065	**174,534**

As of 31 December 2015, details of government bonds are as follows:

	Nominal value	Book value	Interest rate (%)	Maturity
31 December 2015				
Government bonds	100,000	103,805	9.57	Up to 1 month
Government bonds	81,465	76,280	11.05	6 months - 1 year
Government bonds	2,620	2,552	9.84	3- 6 months
Government bonds	1,502	1,461	9.50	3- 6 months
Government bonds	400	383	9.35	3- 6 months
Total	**185,987**	**184,481**		

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 6 - FINANCIAL INVESTMENTS (Continued)

As of 31 December 2014, details of government bonds are as follows:

	Nominal value	Book value	Interest rate (%)	Maturity
31 December 2014				
Government bonds	95,000	92,321	10.92	1 - 3 months
Government bonds	80,000	75,679	9.21	6 months - 1 year
Government bonds	1,115	1,038	8.00	6 months - 1 year
Government bonds	228	218	8.29	6 months - 1 year
Total	**176,343**	**169,256**		

As of 31 December 2015 and 2014, details of available-for-sale financial assets are as follows:

	31 December 2015		31 December 2014	
	Participation rate (%)	Carrying value	Participation rate (%)	Carrying value
Investments in Equity Participations				
LCH Clearnet Group Limited (*)	2.04	62,838	-	-
Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş.	19.55	3,320	19.55	3,320
Sarajevo Stock Exchange	16.54	703	11.66	528
Baku Stock Exchange	4.76	157	4.76	157
Sermaye Piy. Lisanslama Sicil ve Eğitim Kuruluşu A.Ş. ("SPL") (**)	-	-	33.94	820
İstanbul Gemoloji Enstitüsü San. ve Tic. A.Ş. (***)	-	-	2.00	1
Other	<0.01	566	<0.01	452
Total		**67,584**		**5,278**

(*) The Group acquired LCH. Clearnet Group Limited shares' amounting to TL 62,838 and acquired the shareholding ratio to 2.04% as of 18 March 2015.
(**) Since the financial results of SPL have a material effect on the group's consolidated financial results, it has been included in investments accounted by the equity method.
(***) The Group increased its shareholding ratio from 2% to 51% by purchasing shares of İstanbul Gemoloji Enstitüsü San. ve Tic. A.Ş. at a price of TL 50 on 31 December 2014. The transfer of shares was registered on 30 January 2015. Control of İstanbul Gemoloji Enstitüsü A.Ş. has been transferred to the Group referring to the related increase in shares and has been consolidated with line by line consolidation method in the consolidated financial statements as the Group's subsidiary.

None of the Group's available for sale shares in equity participations is publicly listed companies and they do not have price in an active market and they are stated at cost as their fair value cannot be determined reliably.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 7 - TRADE RECEIVABLES

Trade receivables

Trade receivables from third parties

As of 31 December 2015 and 2014, details of short term trade receivables from third parties are as follows:

	31 December 2015	31 December 2014
Loans given	172,112	169,177
Receivables from members (*)	35,173	33,173
Custody and commission receivables	7,219	5,394
Other receivables	184	62
Doubtful receivables	1,929	1,929
Provisions for doubtful receivables (-)	(1,929)	(1,929)
Total	**214,688**	**207,806**

(*) The balance of receivables from members account consists of invoiced debenture registration fees, commission fees, annual membership fees, shares and debt securities market terminal fees, and data vending fees.

As of 31 December 2015 and 2014, remaining maturities of trade receivables are less than 3 months.

As of 31 December 2015 and 2014, the movement of provisions for doubtful receivables is as follows:

	2015	2014
Period beginning - 1 January	**(1,929)**	**(1,836)**
Provisions during the period	(141)	(131)
Collections during the period	141	38
Period ending - 31 December	**(1,929)**	**(1,929)**

NOTE 8 - OTHER ASSETS

Other current assets

As of 31 December 2015 and 2014, the details of other current assets are as follows:

	31 December 2015	31 December 2014
Prepaid expenses (**)	10,420	5,840
Income accruals	411	-
Work advances	175	599
Other	1,442	254
Total	**12,448**	**6,693**

(**) The account balance consists of prepaid expenses amounting to TL 5,913 related to a payment for a data vending agreement with London Metal Exchange ve HKEx Information Services Limited as of 18 March 2015.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

Other non-current assets

As of 31 December 2015 and 2014, other non-current assets are as follows:

	31 December 2015	31 December 2014
Prepaid expenses (*)	6,780	954
Advances given (**)	709	21,203
Deposits and guarantees given	198	938
Total	**7,687**	**23,095**

(*) The account balance consists of prepaid expenses amounting to TL 6,451 related to a payment for a data vending agreement with London Metal Exchange ve HKEx Information Services Limited as of 18 March 2015.

(**) According to 11. article of Electricity Market Law numbered 6446 which came into force at 30 March 2013 and published in the Official Gazette numbered 28603, Enerji Piyasaları İşletme Anonim Şirketi ("EPİAŞ") is determined to be founded and that the articles of incorporation and organization guide will be prepared by Energy Market Regulatory Authority ("EMRA"). EPİAŞ Articles of Incorporation, Organization Guide and Rules of Procedures which had been prepared within this context had been approved by EMRA. However, since the registration of EPİAŞ did not take place as of 31 December 2014, total share amounting to TL 21,153 paid on 18 December and 26 December 2014 had been recognized under advances given account. The registration of this share transfer took place as of 31 March 2015 and included under Investments accounted by equity method since it has a significant affect upon the Group's financial statements (Note 5).

NOTE 9 - INVESTMENT PROPERTIES

As of 31 December 2015 and 2014, the movements of the investment properties are as follows:

	Valuation Method	1 January 2015	Increase in value	31 December 2015
Investment properties	Sales comparison method	12,500	750	13,250
Total		**12,500**	**750**	**13,250**

	Valuation Method	1 January 2014	Increase in value	31 December 2014
Investment properties	Sales comparison method	10,500	2,000	12,500
Total		**10,500**	**2,000**	**12,500**

The fair value of the investment property as of 31 December 2015 TL 13,250 is determined using the comparison of sales method as stated in the valuation reports dated 4 August 2015. This report is prepared by an independent valuation Company. As of 31 December 2015 the rent income from investment properties amounts to TL 228 and is accounted under other operating income (31 December 2014: TL 785).

There are not any capitalized borrowing costs, mortgages, or pledges on the investment properties.

The Group has started to work upon sale of the investment property which is located in Akmerkez Shopping Mall with the Board of Directors minute dated 26 February 2015, the sale process is ongoing as of 31 December 2015.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

For the years ended 31 December 2015 and 2014, movements of the property, plant and equipment are as follows:

Cost	1 January 2015	Additions	Disposals	Transfers (*)	31 December 2015
Building	10,947	-	-	-	10,947
Machinery and equipment	28,038	4,625	(3,872)	17,004	45,795
Vehicles	1,013	219	(268)	-	964
Furniture and fixtures	23,216	3,171	(10)	(12,813)	13,564
Other property, plant and equipment	143	5	(19)	-	129
Leasehold improvements	18,861	24	-	16,903	35,788
Construction in progress	19,039	100,001	-	(57,955)	61,085
Advances given	17,048	3,400	-	(15,042)	5,406
Total	**118,305**	**111,445**	**(4,169)**	**(51,903)**	**173,678**
Accumulated depreciation					
Building	(514)	(308)	-	-	(822)
Machinery and equipment	(6,210)	(9,026)	2,263	(6,646)	(19,619)
Vehicles	(360)	(289)	174	-	(475)
Furniture and fixtures	(5,300)	(2,891)	10	6,646	(1,535)
Other property, plant and equipment	(19)	(4)	19	-	(4)
Leasehold improvements	(352)	(959)	-	-	(1,311)
Total	**(12,755)**	**(13,477)**	**2,466**	**-**	**(23,766**
Net book value	**105,550**				**149,912**

Cost	1 January 2015	Additions	Disposals	Transfers (*)	31 December 2014
Building	10,942	5	-	-	10,947
Machinery and equipment	11,497	11,956	(1,284)	5,869	28,038
Vehicles	962	929	(878)	-	1,013
Furniture and fixtures	11,298	13,485	(1,567)	-	23,216
Other property, plant and equipment	143	-	-	-	143
Leasehold improvements	237	503	-	18,121	18,861
Construction in progress	14,478	33,139	-	(28,578)	19,039
Advances given	-	17,048	-	-	17,048
Total	**49,557**	**77,065**	**(3,729)**	**(4,588)**	**118,305**
Accumulated depreciation					
Building	(209)	(305)	-	-	(514)
Machinery and equipment	(2,407)	(4,376)	573	-	(6,210)
Vehicles	(385)	(232)	257	-	(360)
Furniture and fixtures	(2,754)	(3,766)	1,220	-	(5,300)
Other property, plant and equipment	(15)	(4)	-	-	(19)
Leasehold improvements	(65)	(287)	-	-	(352)
Total	**(5,835)**	**(8,970)**	**2,050**	**-**	**(12,755)**
Net book value	**43,722**				**105,550**

(*) MKK who is the subsidiary Company of the Group, has been registered as research and development center with code numbered 5746 by Ministry of Science, Industry and Technology. Expenses related to the development of these projects are transferred to the intangible asset after the completion of these projects.

There are no mortgages or pledges over property, plant and equipment as of 31 December 2015 and 2014.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 11 - INTANGIBLE ASSETS

For the years ended 31 December 2015 and 2014, the movements of the intangible assets are as follows:

Cost	1 January 2015	Additions	Disposals	Transfers (**)	31 December 2015
Rights	11,796	2,518	(6,549)	37,616	45,381
Software licences	4,169	2,410	-	-	6,579
Research and development (*)	14,999	-	-	10,519	25,518
Construction in progress (**)	212,460	1,994	-	3,768	218,222
Total	**243,424**	**6,922**	**(6,549)**	**51,903**	**295,700**
Accumulated amortization					
Rights	(4,301)	(5,180)	6,435	-	(3,046)
Software licences	(1,990)	-	-	-	(1,990)
Research and development	(4,009)	(3,696)	-	-	(7,705)
Total	**(10,300)**	**(8,876)**	**6,435**	**-**	**(12,741)**
Net book value	**233,124**				**282,959**
Cost	1 January 2015	Additions	Disposals	Transfers (**)	31 December 2014
Rights	6,718	4,980	-	98	11,796
Software licences	2,401	1,802	(34)	-	4,169
Research and development (*)	10,509	-	-	4,490	14,999
Construction in progress (**)	199,889	12,571	-	-	212,460
Total	**219,517**	**19,353**	**(34)**	**4,588**	**243,424**
Accumulated amortization					
Rights	(527)	(3,774)	-	-	(4,301)
Software licences	(1,146)	(878)	34	-	(1,990)
Research and development	(1,459)	(2,550)	-	-	(4,009)
Total	**(3,132)**	**(7,202)**	**34**	**-**	**(10,300)**
Net book value	**216,385**				**233,124**

(*) The Company has been registered as "Research and Development Center" within the Research and Development Law numbered 5746 by Ministry of Science, Industry and Technology. Expenses incurred in relation to the developed projects are capitalized and accounted under the construction in progress. After the completion of the projects, the total capitalized amounts are classified to intangible asset and the depreciation is calculated over this amount.

(**) As per the agreements signed between the Group and Nasdaq OMX ("Nasdaq") at 31 December 2013, the balances include the additional compulsory expenses which arise due to the renovation of all the software which forms the technological infrastructure in Group markets, and implementation of the software packages which were developed according to the needs of the Group.

The Group has capitalized personnel expenses amounting to TL 19,493 in relation to the development of the technological infrastructure as of 31 December 2015 (31 December 2014: None).

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 12 - GOVERNMENT GRANTS

It is stated with a letter issued by Ministry of Science, Industry and technology as part of Research and Development Law numbered 5746 that MKK's Research and Development Center status to be continued for 1 year.

As of 31 December 2015, research and development tax deduction amounting to TL 7,886 is considered as deduction in corporate tax calculation (31 December 2014: TL 10,011)

The Company has received research and development support for a consideration of TL 1,179 from TUBITAK as of 31 December 2015 (31 December 2014: None).

NOTE 13 - TRADE PAYABLES

Other trade payables

As of 31 December 2015 and 2014, details of other trade payables are as follows:

	31 December 2015	31 December 2014
Payables to members	371,576	168,183
Payables to domestic suppliers	10,747	6,895
Other payables	67	59
Total	**382,390**	**175,137**

Due to related parties

As of 31 December 2015 and 2014, due to related parties are as follows:

	31 December 2015	31 December 2014
Expense accrual for Capital Markets Board's share	50,654	87,211
Payables to employees	286	3,473
Total	**50,940**	**90,684**

Long term due to related parties

As of 31 December 2015 and 2014, long term due to related parties are as follows:

	31 December 2015	31 December 2014
Long term trade payables to related parties (*)	429,524	68,161
Total	**429,524**	**68,161**

(*) Long term trade payables to related parties consist of the transactions made with the Group's shareholders.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 14 - SHORT TERM BORROWINGS

As of 31 December 2015 and 2014, short term borrowings are as follows:

31 December 2015	Weighted average effective interest rate (%)	Currency	Original amount	TL equivalent
Short term borrowings	0.65	USD	324,158	942,522
	9.73	TL	812,393	812,393
	0.17	EUR	207,203	658,408
				2,413,323

31 December 2014	Weighted average effective interest rate (%)	Currency	Original amount	TL equivalent
Short term borrowings	0.45	USD	380,509	882,362
	8.39	TL	478,358	478,358
	0.25	EUR	145,906	411,557
				1,772,277

NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provision for legal cases

There are several lawsuits against the Group as at 31 December 2015. In accordance with the opinions of the legal advisors, the management has accounted provisions amounting to TL 3,097 in the consolidated financial statements as of 31 December 2015 (31 December 2014: 3,859 TL) (Note 17).

Commitments

Total amount of commitments not included in liabilities

	31 December 2015	31 December 2014
Guarantees received from members (*)		
Bond and Bill Guarantees	6,703,518	6,720,834
Stock Market Guarantees	413,277	384,087
Precious Metal and Diamond Guarantees	77,411	61,161
International Market Guarantees	4,571	3,874
Total	**7,198,777**	**7,169,956**

(*) Includes the guarantees of the members related to BİST's operating markets.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

	31 December 2015	31 December 2014
Guarantees received from goods and services suppliers		
TL	43,811	39,496
USD	8,622	7,250
EUR	2,601	2,305
Total	**55,034**	**49,051**

	31 December 2015	31 December 2014
Assets Under Custody		
Contribution Fund of Mandatory Education of BİST (*)	142,193	138,260
Total	**142,193**	**138,260**

(*) In accordance with the decision of İMKB's Board of Directors in 1997, İMKB made a contribution to 'Contribution to Continuous Education' amounting to TL 32,000. The contribution fund had been established under the decisions made in the General Assembly and Board of Directors in order to fund the construction of primary schools under the name of "Contribution Fund of Mandatory Education of İMKB". This fund was collected under time deposits held by public banks and managed by İMKB; however, the related fund had not been included in the assets of İMKB. The fund was previously accounted under İMKB's assets and liabilities until 1999 and currently, it was accounted under the off-balance sheet. As of 31 December 2015, principal amount of "Contribution Fund of Mandatory Education of İMKB" is TL 142,193 (31 December 2014: TL 138,260).

NOTE 16 - PROVISION FOR EMPLOYEE BENEFITS

As of 31 December 2015 and 2014, the details of long term provision for employee termination benefits are as follows:

	31 December 2015	31 December 2014
Provision for employee termination benefits	29,965	23,485
Unused vacation liability	19,350	15,905
Employees' service provision	15,733	19,196
Personnel bonus provision	8,910	12,102
Total	**73,958**	**70,688**

Provision for employee termination benefits

Under Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). After the change in regulation, on 23 May 2002, several articles related the transition process before retirement have been removed.

The amount payable consists of one month's salary limited to a maximum of TL 3,828 for each year of service at 31 December 2015 (31 December 2014: TL 3,438).

Provision for employment termination benefits has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 16 - PROVISION FOR EMPLOYEE BENEFITS (Continued)

IAS 19 requires actuarial valuation methods to be developed to estimate the Group's obligation. Accordingly, the following actuarial assumptions are used in the calculation of the total liability:

	31 December 2015	31 December 2014
Discount rate	3.79%	3.30%
Estimated employee turnover rate	98.26%	98.91%

The movements of provision for employee termination benefits are as follows:

	1 January - 31 December 2015	1 January - 31 December 2014
Opening balance-1 January	23,485	19,612
Interest cost	2,661	1,996
Service cost	2,552	2,029
Payments during the period	(533)	(3,962)
Actuarial losses	1,800	3,810
Ending balance	**29,965**	**23,485**

Employees' service provision

In accordance with Article 49 of BİST employee regulation, BİST calculates employees' service provision expense accrual based on the recent benchmark wage rates considering the position and seniority of its employees.

Future implementation of the 63rd article and 5th paragraph of BİST Personnel regulation was ended as of 30 June 2012, and a list was prepared for each staff member employed with indefinite employment contract under BİST by using a coefficient of seniority (seniority year is determined by applying the per diem deduction). Amount specified in this list is paid by at once and net for the termination of the employment contract for any reason except the cases of termination for good reasons until 28 September 2012.

As of 31 December 2015 and 2014, the movements of employees' service provision are as follows:

	2015	2014
Opening balance- 1 January	19,196	27,558
Payments during the period	(3,463)	(8,362)
Employees' service provision - 31 December	**15,733**	**19,196**

Unused vacation liability

As of 31 December 2015 and 2014, the details of unused vacation liability are as below:

	31 December 2015	31 December 2014
Unused vacation liability	19,350	15,905
Total	**19,350**	**15,905**

In accordance with the Labor Law in Turkey, BİST provides provision for the unused portion of annual paid vacations of the employees with service terms over one year, including the trial period, calculated for the non-current periods.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 16 - PROVISION FOR EMPLOYEE BENEFITS (Continued)

The movement of unused vacation liability is as follows:

	31 December 2015	31 December 2014
Opening balance-1 January	15,905	10,682
Payment during period	(644)	(1,868)
Charges during period	4,089	7,091
Period-end	**19,350**	**15,905**

NOT 17 - OTHER LIABILITIES

Other current liabilities

As of 31 December 2015 and 2014, other current liabilities are as follows:

	31 December 2015	31 December 2014
Deposits and guarantees received (*)	3,320,982	2,646,920
Taxes and duties payable	22,224	13,082
Lawsuits provisions	3,097	3,859
Social security premium payables	1,535	1,354
Deferred revenue	456	-
Other	1,710	1,611
Total	**3,350,004**	**2,666,826**

(*) These guarantees have been received are due to the contracts signed with members for trading in markets carried of BIST guarantee fund, VIOP, the electricity market and Leveraged Exchange Markets.

Other non-current liabilities

As of 31 December 2015 and 2014, other non-current liabilities are as follows:

	31 December 2015	31 December 2014
Deposits and guarantees received	1,266	1,204
TÜBİTAK incentive income (*)	969	-
Total	**2,235**	**1,204**

(*) MKK generated an incentive income from Scientific and Technological Research Council of Turkey ("STRCT") referring to the Public Disclosure Platform ("PDP") project and EFKTS project. Company recognizes this income in the periods where the related costs are recognized as expenses in order to be compatible with periodicity principle.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 18 - SHAREHOLDER'S EQUITY

Capital

As stated in Article 138 of Capital Markets Law No. 6362, the Articles of Association of Borsa İstanbul Anonim Şirketi have been issued by the Capital Markets Board and registered arbitrarily at the trade registry on 3 April 2013 following the approval of the relevant Minister, and these articles include: the Company's main field of operation, purpose, capital amount, shares, principles on transferring its shares; limitations on liquidation, transfer, merger, termination, public offering, privileges to be granted to shares without being subject to the fourth paragraph of Article 478 of Law No. 6102; organs and committees as well as formation, roles, authorizations and responsibilities, working procedures and principles of those; and principles regarding accounts, distribution of profits and organization. As stated in the Company's Articles of Association, the Company's initial capital is TL 423,234,000, consisting of 42,323,400,000 bearer shares each of which is equals to one kurus.

Pursuant to the relevant provisions in the Capital Markets Law, 49% of these shares are transferred to the Republic of Turkey Prime Ministry Undersecretariat of Treasury, 4% to former IMKB members, 0.3% to former IAB members, and 3.8% to former shareholders of the VOB. 1% of shares will be transferred to the Turkish Capital Markets Association when it is formed according to the Capital Markets Law on 26 June 2014. The remaining 41.6% of the shares have been left to the Company in order to be transferred to other stock exchanges, markets or system operators in return for technology, technical know-how and competence and/ or the relevant parties in return for establishing strategic partnerships in line with subparagraph c of the sixth paragraph of Article 138 of the Law. Within three years of the promulgation of the Law, the shares, if any, remaining at BİST shall be transferred to the Treasury. Within this period, the benefits from the transferred shares shall be recognized as share issuance premiums. On 7 January 2014, with the strategic partnership agreements, 5% of the shares were transferred to Nasdaq OMX.

At the 26 October 2015 Capital Markets Board meeting, it was decided that 10% of the shares which were left to the Company in order to establish strategic partnerships, to be transferred to the European Bank of Reconstruction and Development in line with Article 138 of Capital Market Law No. 6362, would be approved on the condition that this transfer was first approved by the Group's General Assembly. In the Board of Directors meeting dated 5 November 2015, it is decided that the related approval for the share transfer should be included in Borsa İstanbul A.Ş. extraordinary General Assembly agenda dated 7 December 2015.

The Company's shareholding structure as of 31 December 2015 and 2014 as follows:

	Share (%)	31 December 2015
Republic of Turkey Prime Ministry Undersecretariat of Treasury	73.60	311,500
European Bank for Reconstruction and Development (*)	10.00	42,324
Nasdaq OMX (*)	7.00	29,626
Turkish Capital Markets Association (*)	1.30	5,502
Other	8.10	34,282
Total	**100.00**	**423,234**

	Share (%)	31 December 2014
Republic of Turkey Prime Ministry Undersecretariat of Treasury	49.00	207,385
Borsa İstanbul A.Ş.	36.60	154,904
Nasdaq OMX	5.00	21,162
Turkish Capital Markets Association	1.30	4,232
Other	8.10	35,551
Total	**100.00**	**423,234**

(*) Please refer to Note 1.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 19 - REVENUE

For the years ended at 1 January - 31 December 2015 and 2014, the details of revenue are as follows:

	31 December 2015	31 December 2014
Service income	800,574	642,108
Less: Sales discounts	(17,639)	(9,793)
Net sales	**782,935**	**632,315**
Cost of service given	(77,513)	(71,788)
Gross operational profit	**705,422**	**560,527**
Trading revenues	239,214	197,467
Debt securities	123,710	112,303
Equity market	47,789	28,508
Derivatives	43,933	34,104
Takasbank money market	16,193	16,205
Precious metals and diamond market	6,138	5,345
Takasbank security lending market	765	878
Turkey electronic fund purchase and sale platform	625	43
Emerging companies market	44	76
Foreign marketable securities market	17	5
Takasbank interest income	233,635	179,323
Custody and custody related operating income	107,386	90,922
Security registration income	48,239	55,245
Data vending income	47,422	30,685
Listing income	46,169	35,796
Settlement and clearing income	22,494	17,043
Membership fee	12,787	7,073
Account management fee	12,465	11,782
Additional terminal fee	12,196	6,585
Money transfer service income	3,773	3,122
Public disclosure platform income	1,945	1,067
Other service income	12,849	5,998
Total	**800,574**	**642,108**

Cost of services

For the years ended at 1 January - 31 December 2015 and 2014, the details of cost of services are as follows:

	31 December 2015	31 December 2014
Takasbank interest expense	39,350	40,076
Personnel expenses	19,391	13,232
Depreciation and amortization expense	7,202	4,804
Maintenance and repairment expense	3,412	2,360
Fees and commissions	3,004	5,327
Other	5,154	5,989
Total	**77,513**	**71,788**

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 20 - GENERAL ADMINISTRATIVE EXPENSES

For the years ended at 1 January - 31 December 2015 and 2014, the details of general administrative expenses are as follows:

	31 December 2015	31 December 2014
Personnel fees and expenses	193,370	207,967
Depreciation and amortization expenses	15,151	11,368
Taxes and other legal dues	11,580	15,667
Consultancy expenses	10,130	6,337
Maintenance and repairment expenses	6,653	5,966
Communication expenses	4,830	4,060
Advertising expenses	4,731	3,824
Outsourced benefit and services	4,683	3,445
Travel expenses	4,532	6,084
Social expenses	3,167	3,206
Insurance expenses	3,083	2,722
Rent expenses	3,028	3,366
Subcontractor expenses	2,957	2,571
Electricity, water and natural gas expenses	2,492	2,330
Education, culture and publication expenses	541	629
Other expenses	11,364	10,768
Total	**282,292**	**290,310**

Personnel expenses

For the years ended at 1 January - 31 December 2015 and 2014, the details of personnel expenses are as follows:

	31 December 2015	31 December 2014
Gross salaries	59,350	80,070
Bonus expenses	53,178	34,434
Additional payments	37,779	45,545
Social benefits	16,664	24,116
Social security employer's contribution expenses	11,470	11,793
Provision expense for dividend to be paid to personnel	6,836	-
Health care expenses	5,347	5,466
Other expenses	2,746	6,543
Total	**193,370**	**207,967**

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 20 - GENERAL ADMINISTRATIVE EXPENSES (Continued)

Expenses by nature

	31 December 2015	31 December 2014
Personnel fees and expense	212,761	221,199
Takasbank interest expenses	39,350	40,076
Depreciation and amortization expenses (Note 10 and Note 11)	22,353	16,172
Taxes and other legal dues	11,580	15,667
Consultancy expenses	10,130	6,337
Maintenance and repairment expenses	10,065	8,326
Communication expenses	4,830	4,060
Advertising expenses	4,731	3,824
Outsourced benefit and services	4,683	4,081
Travel expenses	4,532	6,084
Social expenses	3,167	3,206
Insurance expenses	3,083	2,722
Rent expenses	3,028	3,366
Fees and commissions	3,004	5,327
Subcontractor expenses	2,957	2,571
Electricity, water and natural gas expenses	2,492	2,330
Education, culture and publication expenses	541	629
Other expenses	16,518	16,121
Total	**359,805**	**362,098**

NOTE 21 - OTHER OPERATING INCOME / EXPENSES

Other operating expenses

For the years ended at 1 January - 31 December 2015 and 2014, the details of other operating expenses are as follows:

	31 December 2015	31 December 2014
Expense accrual for Capital Markets Board's share (Note 25)	50,654	47,226
VAT expense (Note 22)	11,722	-
Losses on sales of fixed assets, net	1,563	-
Provision expenses	150	278
Other	282	1,337
Total	**64,371**	**48,841**

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 21 - OTHER OPERATING INCOME / EXPENSES (Continued)

Other operating income

For the years ended at 1 January - 31 December 2015 and 2014, the details of other operating income are as follows:

	31 December 2015	31 December 2014
Provision no longer required	937	2,242
Increase in fair value of investment properties	750	2,000
Rent income	656	1,084
Gains on sales of fixed assets, net	-	450
Other operating income	3,411	4,514
Total	**5,754**	**10,290**

NOTE 22 - SEPARATELY DISCLOSED ITEMS

For the year ended at 1 January - 31 December 2015, separately disclosed items are as follows:

	1 January - 31 December 2015
Corporate tax expense	13,025
VAT expense	11,722
Total	**24,747**

For the year ended at 1 January - 31 December 2015, separately disclosed items consists of VAT and corporate tax expenses of the one-off sales invoice which was issued to Takasbank due to the related party transactions.

NOTE 23 - FINANCIAL INCOME / EXPENSES

For the years at 1 January - 31 December 2015 and 2014, the details of financial income are as follows:

Financial Income

	31 December 2015	31 December 2014
Interest income	25,272	20,249
Rediscount income	13,885	1,406
Interest income from guarantee account	2,379	4,052
Other financial income	121	802
Total	**41,657**	**26,509**

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 23 - FINANCIAL INCOME / EXPENSES (Continued)

For the years ended 31 December 2015 and 2014, the details of financial expenses are as follows:

Financial Expenses

	31 December 2015	31 December 2014
Foreign exchange expenses, net	13,801	3,337
Commission expenses	205	349
Total	**14,006**	**3,686**

NOTE 24 - TAX ASSETS AND LIABILITIES

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is to be declared by the 14th day of the second month following each calendar quarter end and is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back in order to net off accumulated gains.

As of 31 December 2015 and 2014, the details of current tax assets and liabilities are as follows:

	31 December 2015	31 December 2014
Provision for corporate tax	92,867	49,641
Prepaid tax	(74,550)	(33,810)
Taxes payable on income	**18,317**	**15,831**

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

For the years ended 31 December 2015 and 2014, the details of tax expenses in profit or loss are as follows:

	31 December 2015	31 December 2014
Income tax expense	90,447	49,641
Deferred tax expense	5,959	9,580
Total tax expense	**96,406**	**59,221**

The total provision for taxes on income is different than the amount computed by applying the statutory tax rate to profit before provision for taxes as shown in the following reconciliation for the years ended 31 December 2015 and 2014:

	1 January - 31 December 2015	1 January - 31 December 2014
Profit before taxes	**391,677**	**254,542**
Income tax charge at effective tax rate	78,335	50,908
Other	18,071	8,313
Tax expense	**96,406**	**59,221**

Deferred tax assets and liabilities

The Group and its subsidiaries calculate deferred tax asset and liabilities, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The effective tax rate used for deferred tax assets and liabilities calculated for all taxable differences using the liability method is 20% as of 31 December 2015 and 2014.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

	31 December 2015		31 December 2014	
	Temporary differences	Deferred taxes	Temporary differences	Deferred taxes
Expense accrual for Capital Markets Board's share	50,654	10,131	47,226	9,445
Provision for employee termination benefits	29,965	5,993	23,485	4,697
Provision for unused vacation liabilities	19,350	3,870	15,905	3,181
Provision for employees' service provision	15,733	3,147	19,196	3,839
Bonus provision	8,910	1,782	12,102	2,420
Lawsuit provisions and expense accruals	3,097	619	3,859	772
Other	393	79	861	172
Deferred tax assets		**25,621**		**24,526**
Net difference between the tax bases and carrying values of property plant and equipment, intangible assets and investment properties	46,834	9,367	13,366	2,673
Deferred tax liabilities		**9,367**		**2,673**
Deferred tax assets, net		**16,254**		**21,853**

The movements of deferred tax assets during the year are as follows:

	31 December 2015	31 December 2014
Balance at - 1 January	21,853	30,658
Deferred tax expense	(5,959)	(9,580)
Deferred tax income arising from actuarial losses classified under other comprehensive income	360	775
Balance at- 31 December	**16,254**	**21,853**

NOTE 25 - RELATED PARTY DISCLOSURES

Long term trade payables to related parties

As of 31 December 2015 and 2014, the details of long term payables to related parties are as follows:

	31 December 2015	31 December 2014
Long term trade payables to related parties (*)	429,524	68,161
Total	**429,524**	**68,161**

(*) Long term trade payables to related parties consist of the transactions made with the Group's shareholders.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

As of 31 December 2015 and 2014, the details of short term payables to related parties are as follows:

	31 December 2015	31 December 2014
Provision for Capital Markets Board's share (*)	50,654	87,211
Due to personnel	286	3,473
Total	**50,940**	**90,684**

(*) In accordance with the amendment to sub-paragraph b of Article 28 of the Capital Markets Law promulgated in Official Gazette No. 27857 dated 25 February 2011, legislation requires recognition of a maximum of 10% of the income, other than interest income, of the stock exchanges in the CMB's budget. For this reason, the Group recognizes an expense for the CMB board's share which must be paid from the relevant year's income. As of 2015, BIST had made the payments for the Capital Markets Board provisions allocated for 2014 and previous years. As per the amendment in the fourth paragraph of Article 130 of Law No. 6362 promulgated in Official Gazette No. 29319 dated 7 April 2015, starting with 2015 income, the income amount recorded in the CMB budget as of 2014 year-end will be increased by the arithmetic average of the Consumer Price Index and Domestic Producer Price Index change ratios for December of the previous year through the most recent December. These ratios are calculated for Turkey annually by the Turkish Statistical Institute. The income amount thus calculated will be allocated as the CMB board's share for the year.

Other operating expenses to related parties

	31 December 2015	31 December 2014
Capital Markets Board	50,654	47,226
Total	**50,654**	**47,226**

Key Management Personnel Compensation

For the year ended 31 December 2015, salaries and similar benefits provided to the directors and other members of key management are amounting to TL 13,692 (31 December 2014: TL 11,305).

NOTE 26 - NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS

This note presents information about the Group's exposure to each of the below risks, BİST's objectives, policies and processes for measuring and managing risks. BİST has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

NOTE 26 - NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

Credit risk

The Group's credit risk is primarily arising from its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables estimated by the Group management based on prior experience and current economic environment.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates, value of marketable securities and other financial agreements.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations as associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group generally generates funds by liquidating its short-term financial instruments such as collecting its receivables. The Group manages its liquidity risk by allocating its resources to obtain adequate reserves for recovering its current and potential liabilities, with time deposits, investment funds and government bond investments.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 26 - NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

26.1 Credit risk

As of 31 December 2015, credit risk exposure of the Group in terms of financial instruments are as follows:

	Receivables					
	Trade receivables		Other receivables			
31 December 2015	Related party	Other	Related party	Other	Deposits at banks	Financial investments (*)
Exposure to maximum credit risk as of reporting date (A+B+C+D+E)	**-**	**214,688**	**-**	**19**	**6,878,234**	**184,481**
- Guaranteed part of maximum credit risk with collaterals etc.	-	-	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	-	214,688	-	19	6,878,234	184,481
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	-	-	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-	-
- Net book value secured with guarantees	-	-	-	-	-	-
D. Net carrying value of impaired assets	-	-	-	-	-	-
- Overdue (Gross book value)	-	1,929	-	98	-	-
- Impairment	-	(1,929)	-	(98)	-	-
- Guaranteed part of net value with collaterals	-	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-	-
- Guaranteed part of net value with collaterals	-	-	-	-	-	-
E. Off statement of financial position items with credit risk	-	-	-	-	-	-

(*) Investments in equity participations are not included.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 26 - NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

As of 31 December 2014, credit risk exposure of the Group in terms of financial instruments are as follows:

	Receivables					
	Trade receivables		Other receivables			
31 December 2014	Related party	Other	Related party	Other	Deposits at banks	Financial investments (*)
Exposure to maximum credit risk as of reporting date (A+B+C+D+E)	**-**	**207,806**	**-**	**19**	**5,292,256**	**169,256**
- Guaranteed part of maximum credit risk with collaterals etc.	-	-	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	-	207,806	-	19	5,292,256	169,256
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired	-	-	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-	-
- Net book value secured with guarantees	-	-	-	-	-	-
D. Net carrying value of impaired assets	-	-	-	-	-	-
- Overdue (Gross book value)	-	1,929	-	89	-	-
- Impairment	-	(1,929)	-	(89)	-	-
- Guaranteed part of net value with collaterals	-	-	-	-	-	-
- Undue (gross book value)	-	-	-	-	-	-
- Guaranteed part of net value with collaterals	-	-	-	-	-	-
E. Off statement of financial position items with credit risk	-	-	-	-	-	-

(*) Investments in equity participations are not included.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 26 - NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

26.2 Liquidity risk

Liquidity risk is the Group's default in meeting its net funding liabilities. Events causing a decrease in funding resources such as; market deteriorations or decrease in credit ratings are major reasons of liquidity risk. The Group manages its liquidity risk by allocating its resources to obtain adequate reserves for recovering its current and potential liabilities by holding appropriate level of cash and cash equivalents.

The table below represents the gross amount of un-discounted cash flows related to non-derivative financial liabilities based on the remaining maturities as of 31 December 2015 and 2014:

31 December 2015	Carrying value	Contractual cash flows	Up to 3 months	3-12 months	1-5 year
Current liabilities					
Short term borrowings	2,413,323	2,414,078	2,414,078	-	-
Trade and other payables	382,390	382,390	382,390	-	-
Due to related parties	50,940	50,940	50,940	-	-
Other current liabilities	3,350,004	3,350,004	3,350,004	-	-
Total current liabilities	**6,196,657**	**6,197,412**	**6,197,412**	**-**	**-**
Non-current liabilities					
Due to related parties	429,524	443,409	-	-	443,409
Total non-current liabilities	**429,524**	**443,409**	**-**	**-**	**443,409**
Total liabilities	**6,626,181**	**6,640,821**	**6,197,412**	**-**	**443,409**

31 December 2014	Carrying value	Contractual cash flows	Up to 3 months	3-12 months	1-5 year
Current liabilities					
Short term borrowings	1,772,277	1,772,922	1,772,922	-	-
Trade and other payables	175,137	175,137	175,137	-	-
Due to related parties	90,684	90,684	90,684	-	-
Other current liabilities	2,666,826	2,666,826	2,666,826	-	-
Total current liabilities	**4,704,924**	**4,705,569**	**4,705,569**	**-**	**-**
Non-current liabilities					
Due to related parties	68,161	69,567	-	-	69,567
Total non-current liabilities	**68,161**	**69,567**	**-**	**-**	**69,567**
Total liabilities	**4,773,085**	**4,775,136**	**4,705,569**	**-**	**69,567**

26.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The Group manage market risk by balancing the assets and liabilities exposed to the interest rate change risk.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 26 - NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

26.4 Foreign currency risk

The Group is exposed to foreign currency risk due to the changes in foreign exchange rates while having assets, liabilities or off statement of financial position items denominated in foreign currencies.

The foreign exchange rates used by the Group for translation of the transactions in foreign currencies as of 31 December 2015 and 2014, are as follows:

	31 December 2015	31 December 2014
USD	2.9076	2.3189
EUR	3.1776	2.8207

The table below summarizes the foreign currency position risk of the Group. As of 31 December 2014 and as of 31 December 2015, carrying value of assets and liabilities held by the Group in foreign currencies (in TL equivalent) are as follows.

	31 December 2015			31 December 2014		
	TL Equivalent	USD	EUR	TL Equivalent	USD	EUR
Cash and cash equivalents	2,555,317	608,362	247,496	1,864,358	619,266	151,857
Financial investments	1,478	-	465	920	-	326
Total assets	**2,556,795**	**608,362**	**247,961**	**1,865,278**	**619,266**	**152,183**
Short term borrowings	1,600,930	324,158	207,203	1,293,920	380,509	145,906
Trade and other payables	981,416	293,203	40,565	543,803	227,780	5,532
Due to related parties	429,524	147,725	-	68,161	29,394	-
Total liabilities	**3,011,870**	**765,086**	**247,768**	**1,905,884**	**637,683**	**151,438**
Net foreign currency assets	**(455,075)**	**(156,724)**	**193**	**(40,606)**	**(18,417)**	**745**

Exposure to foreign currency risk

An appreciation / depreciation of the TL by 10% against the other currencies below would have increased / (decreased) the equity and profit / loss (excluding the tax effect) for the years ended 31 December 2015 and 2014:

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 26 - NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

Exposure to foreign currency risk (Continued)

Foreign exchange sensitivity analysis table

	Profit / (Loss)		Equity	
31 December 2015	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Increase / (decrease) 10% of USD rate				
1- USD net asset / liability	(45,569)	45,569	(45,569)	45,569
2- Hedged portion of USD amounts (-)	-	-	-	-
3- Net effect of USD (1+2)	**(45,569)**	**45,569**	**(45,569)**	**45,569**
Increase / (decrease) 10% of EUR rate				
4- EUR net asset / liability	61	(61)	61	(61)
5- Hedged portion of EUR amounts (-)	-	-	-	-
6- Net effect of EUR (4+5)	**61**	**(61)**	**61**	**(61)**
TOTAL (3+6)	**(45,508)**	**45,508**	**(45,508)**	**45,508**

	Profit / (Loss)		Equity	
31 December 2014	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Increase / (decrease) 10% of USD rate				
1- USD net asset / liability	(4,271)	4,271	(4,271)	4,271
2- Hedged portion of USD amounts (-)	-	-	-	-
3- Net effect of USD (1+2)	**(4,271)**	**4,271**	**(4,271)**	**4,271**
Increase / (decrease) 10% of EUR rate				
4- EUR net asset / liability	210	(210)	210	(210)
5- Hedged portion of EUR amounts (-)	-	-	-	-
6- Net effect of EUR (4+5)	**210**	**(210)**	**210**	**(210)**
TOTAL (3+6)	**(4,061)**	**4,061**	**(4,061)**	**4,061**

Interest rate risk

The Group is exposed to interest rate risk due to effects of the changes in market interest rates on the interest rate sensitive assets and liabilities.

Group's interest rate sensitive financial instruments' allocation as of 31 December 2015 and 31 December 2014 are presented below:

	31 December 2015	31 December 2014
Financial instruments with fixed interest rate		
Financial assets		
Bank deposits	6,843,653	5,269,057
Held-to-maturity financial asset	184,481	169,256
Reverse repo receivables	19,366	24,816

NOTE 26 - NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

Interest sensitivity analysis of assets:

The Group's investment in fixed-rate debt securities classified as financial assets available-for-sale are exposed to price risk depending upon interest rate changes in the market. As of 31 December 2015, based on the analysis calculated by Group, if the interest rate for TL was increased / decreased by 100 bp with the assumption of keeping all other variables constant, the effects on the fair value of fixed income financial assets because of being at term less than 3 months and the effect on other comprehensive income are as follows.

26.5 Operational risk

Operational risk is the risk remaining after determining financing and systematic risk, and includes risks resulting from internal processes, employees, technology and infrastructure. Operational risk that summarizes the risks a company or firm undertakes when it attempts to operate within a given field or industry.

The Group manages its operational risks to avoid financial losses. In this respect, the Group has identified processes and controls with respect to the below issues;

- Appropriate task distribution with transactions' independent responsibility,
- The reconciliation and control of operations,
- Compliance with statutory obligations and other regulators,
- Documentation of processes and controls,
- Periodical assessment of encountered operational risks and the adequacy of generated controls and procedures to meet scheduled risks,
- Development of emergency plans,
- Education and professional development,
- Ethics and business standards,
- Effective risk reduction measures by the possibility of including insurance.

NOTE 27 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

Fair value of financial assets and liabilities has to be determined for accounting policies and/or presentation of notes.

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

Financial assets

It is estimated that the fair values and carrying amounts of the bank deposits, trade and other receivables are close to each other, since they have short term maturities.

Investment funds and securities measured at fair value are valued using the market prices available at the reporting date.

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 27 - FINANCIAL INSTRUMENTS (Continued)

Financial liabilities

It is estimated that the fair values and carrying amounts of the financial liabilities, trade payables and other liabilities are close to each other due to their short term maturities.

Classification relevant to fair value information

The table below analyses financial instruments carried at fair value, by the levels in the fair value hierarchy. The different levels have been defined as follows:

Level 1: Registered (unadjusted) prices of identical assets or liabilities in active markets;

Level 2: Data which can be observed by directly (through prices) or indirectly (derived from prices) and which excludes the registered prices described in Level 1;

Level 3: Data that is not based on observable market data related to assets and liabilities (non-observable data).

The classification of fair value measurements of financial assets and liabilities measured at fair value is as follows:

31 December 2015	Level 1	Level 2	Level 3	Total
Investment funds	2,389	-	-	2,389
Investment properties	-	13,250	-	13,250
Total financial assets	**2,389**	**13,250**	**-**	**15,639**
31 December 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment funds	521	-	-	521
Investment properties	-	12,500	-	12,500
Total financial assets	**521**	**12,500**	**-**	**13,021**

Financial assets available for sale which are affiliates of the Group, have been accounted for making use of cost value.

Financial assets and liabilities offsetting

This table indicates explanations of financial assets and financial liabilities:

- Accounts that netting-off in the group financial statement or

- Accounts that include financial instruments subjected to applicable agreements and similar agreements regardless of whether offset or not

(Amounts expressed in thousand Turkish Liras ("TL") unless otherwise indicated.)

NOTE 27 - FINANCIAL INSTRUMENTS (Continued)

Similar agreements include reverse repo agreements and if the financial transactions are not offset in the financial statements, they are not presented in the table below.

Group takes and gives guarantees as marketable securities for reverse repo transactions.

Financial assets/liabilities net off is subject to applicable net off arrangements and similar agreements

					Amounts which are not net-off in the balance sheet		
31 December 2015	Financial assets types	Gross amounts of financial assets	Gross amounts of financial liabilities' which are defined with net values in the financial statement	Net amounts of financial assets which are defined in the financial statement	Financial instruments (include non-cash guarantee)	Guarantees received	Amount
	Reverse repo receivables	19,366	-	19,366	19,366	-	19,366

					Amounts which are not net-off in the balance sheet		
31 December 2014	Financial assets types	Gross amounts of financial assets	Gross amounts of financial liabilities' which are defined with net values in the financial statement	Net amounts of financial assets which are defined in the financial statement	Financial instruments (include non-cash guarantee)	Guarantees received	Amount
	Reverse repo receivables	24,816	-	24,816	24,816	-	24,816

NOTE 28 - SUBSEQUENT EVENTS

None

BORSA
İSTANBUL
Benchmark for Investment