

**İŞ GİRİŞİM SERMAYESİ
YATIRIM ORTAKLIĞI A.Ş.
AND ITS SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2012**

*(Convenience Translation of Consolidated Financial Statements and
Related Disclosures and Footnotes
Originally Issued in Turkish)*

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi
28 August 2012

*This report contains 1 pages of independent auditors'
report and 82 pages consolidated of financial statements
and notes to the consolidated financial statements*

**Convenience Translation of the Independent Auditors' Review Report
As at 30 June 2012 Originally Prepared and Issued in Turkish (See Note 2.1)**

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

Introduction

We have reviewed the accompanying consolidated statement of financial position of İş Girişim Sermayesi Yatırım Ortaklığı Anonim Şirketi ("the Company") and its subsidiary (together "Group") as at 30 June 2012, and the consolidated statements of comprehensive income, changes in equity, cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and the fair presentation of these consolidated interim financial statements in accordance with the financial reporting standards of Capital Market Boards of Turkey. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the auditing standards promulgated by Capital Markets Board of Turkey. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the auditing standards promulgated by Capital Markets Board of Turkey and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view of the consolidated financial position of the Group as at 30 June 2012, and of its consolidated financial performance and its consolidated cash flows for the six month period then ended in accordance with the financial reporting standards of Capital Markets Board of Turkey (Note 2).

Istanbul, 28 August 2012

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Orhan Akova

Partner

Additional paragraph for convenience translation to English:

As explained in Note 2.1, the accompanying consolidated interim financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

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İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. and ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

(In Turkish Lira (“TL”))

	<u>Notes</u>	<u>Reviewed 30 June 2012</u>	<u>Audited 31 Aralık 2011</u>
ASSET			
Current Assets		163,053,266	125,020,730
Cash and Cash Equivalents	4	54,576,856	40,159,085
Investment Securities	5	72,992,843	75,586,568
Trade Receivables	7	18,374,502	7,772,978
- <i>Due from related parties</i>		4,720	69,171
- <i>Other Trade Receivables</i>		18,369,782	7,703,807
Other Receivables	8	312,797	913
Inventories	9	12,156,891	260,478
Other Assets	16	4,639,377	1,240,708
Non-current Assets		64,222,559	51,389,301
Other Receivables	8	25,198	26,853
Investments in Equity Accounted Investees	10	45,932,408	51,135,382
Property and Equipment	12	5,099,050	184,913
Intangible Assets	13	2,663,525	42,153
Goodwill	11	9,206,499	-
Deferred Tax Asset	24	1,256,724	-
Other Assets	16	39,155	-
TOTAL ASSETS		<u>227,275,825</u>	<u>176,410,031</u>

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

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. and ITS SUBSIDIARY**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

(In Turkish Lira ("TL"))

		Reviewed	Audited
		30 June	31 Aralık
	Notes	2012	2011
LIABILITIES			
Short Term Liabilities		24,331,860	4,148,324
Financial Liabilities	6	10,583,872	1,791,055
Trade Payables	7	10,035,641	663,720
- Due to Related Parties		1,680	2,472
- Other Trade Payables		10,033,961	661,248
Other Payables	8	654,161	422,890
Employee Benefits	15	1,740,114	1,175,651
Other Short Term Liabilities	16	1,318,072	95,008
Long Term Liabilities		2,538,920	712,343
Financial Liabilities	6	1,850,510	118,763
Trade Payables	7	118,475	82,554
Other Payables	8	40,747	-
Employee Benefits	15	529,188	511,026
EQUITY		200,405,045	171,549,364
Equity Attributable to Owners of the Company		187,366,079	170,420,085
Share Capital	17	57,960,000	50,400,000
Inflation Adjustment to Share Capital	17	21,606,400	21,606,400
Share Premium		7,000,000	7,000,000
Hedging Reserve		(163,777)	(116,655)
Other Reserves		249,702	249,702
Foreign Currency Translation Differences		191,667	(1,172,533)
Legal Reserves	17	9,496,886	6,778,897
Retained Earnings	17	62,796,285	43,651,570
Profit for the period		28,228,916	42,022,704
Non-controlling Interest	17	13,038,966	1,129,279
TOTAL LIABILITIES		227,275,825	176,410,031

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

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. and ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

(In Turkish Lira ("TL"))

	Notes	Reviewed 1 January- 30 June 2012	Not Audited 1 April- 30 June 2012	Restated (*)Audited 1 January- 30 June 2011	Restated (*)Not Audited 1 April- 30 June 2011
CONTINUING OPERATIONS					
Sales Revenue	18	31,151,463	4,081,014	5,282,092	3,417,399
Cost of sales	18	(11,967,423)	(903,197)	(1,339,758)	(693,784)
GROSS PROFIT		19,184,040	3,177,817	3,942,334	2,723,615
Marketing, sales and distribution expenses	19-20	(2,198,414)	(561,559)	(767,043)	(393,508)
Administrative expenses	19-20	(7,006,295)	(3,111,579)	(3,548,488)	(1,819,772)
Research and development expenses	19-20	(1,536,621)	(807,048)	(1,220,186)	(614,733)
Other operating income	21	6,813,540	6,652,263	51,884	45,510
Other operating expenses	21	(815,029)	(503,311)	(260,386)	(183,940)
OPERATING PROFIT/(LOSS)		14,441,221	4,846,583	(1,801,885)	(242,828)
Share of profit/(loss) of equity accounted investees	10	3,976,649	6,470,992	(4,508,555)	(2,704,485)
Finance income	22	12,069,996	4,694,611	4,252,338	1,906,251
Finance costs	23	(4,796,433)	(1,548,024)	(2,527,122)	(928,390)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS BEFORE TAX		25,691,433	14,464,162	(4,585,224)	(1,969,452)
Continuing operations tax income/expense		358,498	273,312	-	-
Current tax income/(expense)	24	-	63,837	-	-
Deferred tax income/(expense)	24	358,498	209,475	-	-
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		26,049,931	14,737,474	(4,585,224)	(1,969,452)
PROFIT FROM DISCONTINUED OPERATIONS	29	4,202,485	4,202,485	986,253	986,253
PROFIT/(LOSS) FOR THE PERIOD		30,252,416	18,939,959	(3,598,971)	(983,199)
Diğer kapsamlı gelir					
Change in foreign currency translation differences		1,296,172	(1,431,827)	(652,787)	(349,052)
Change in revaluation surplus		-	-	(7,212)	(4,995)
Change in cash flow hedge reserve		(58,903)	(44,279)	98,839	(63,864)
Income / (loss) tax on other comprehensive income		11,781	8,859	(19,768)	12,773
Other comprehensive income for the period, net of tax	23	1,249,050	(1,467,247)	(580,928)	(405,138)
TOTAL COMPREHENSIVE INCOME		31,501,466	17,472,712	(4,179,899)	(1,388,337)
Profit / (Loss) attributable to					
Non-controlling interests		2,023,500	2,528,205	132,380	215,509
Owners of the Company		28,228,916	16,411,754	(3,731,351)	(1,198,708)
		30,252,416	18,939,959	(3,598,971)	(983,199)
Total comprehensive income attributable to					
Non-controlling interests	17	1,955,472	2,431,326	121,878	201,312
Owners of the Company		29,545,994	15,041,386	(4,301,777)	(1,589,649)
		31,501,466	17,472,712	(4,179,899)	(1,388,337)
Basic and Diluted Earnings per share (TL 1 nominal value)	25	0.487041	0.283157	(0.064378)	(0.020682)
Basic and Diluted Earnings per share -Continued operation (TL 1 nominal value)	25	0.463477	0.268300	(0.081394)	(0.036263)

(*) See Note 2.

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

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. and ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

(In Turkish Lira ("TL"))

Notes	Share capital	Inflation Adj. to share capital	Share premium	Revaluatin surplus	Hedging reserve	Other reserves	Legal reserves	Translatio n reserves	Profit (Loss) for the year	Retained earnings	Total Before Non-Controlling Interest	Non-Controlling Interests	Total
Balance at 1 January 2011	50,400,000	21,606,400	7,000,000	19,896	(15,735)	249,702	5,959,360	(52,253)	11,665,565	40,345,542	137,178,477	978,470	138,156,947
Total comprehensive income													
Profit / (loss) for the year	-	-	-	-	-	-	-	-	(3,731,351)	-	(3,731,351)	132,380	(3,598,971)
Other comprehensive income													
Change in fair value of financial assets, net of tax	-	-	-	(7,212)	-	-	-	-	-	-	(7,212)	-	(7,212)
Change in cash flow hedging reserve, net of tax	-	-	-	-	79,071	-	-	-	-	-	79,071	-	79,071
Change in translation reserve	-	-	-	-	-	-	-	(642,285)	-	-	(642,285)	(10,502)	(652,787)
Total other comprehensive income	-	-	-	(7,212)	79,071	-	-	(642,285)	-	-	(570,426)	(10,502)	(580,928)
Total comprehensive income	-	-	-	(7,212)	79,071	-	-	(642,285)	(3,731,351)	-	(4,301,777)	121,878	(4,179,899)
Transfers	-	-	-	-	-	-	315,537	-	(11,665,565)	11,350,028	-	-	-
Dividend payment	-	-	-	-	-	-	-	-	-	(2,500,000)	(2,500,000)	-	(2,500,000)
Balance at 30 June 2011	50,400,000	21,606,400	7,000,000	12,684	63,336	249,702	6,274,897	(694,538)	(3,731,351)	49,195,570	130,376,700	1,100,348	131,477,048
Notes	Share capital	Inflation Adj. to share capital	Share premium	Revaluatin surplus	Hedging reserve	Other reserves	Legal reserves	Translatio n reserves	Profit (Loss) for the year	Retained earnings	Total Before Non-Controlling Interest	Non-Controlling Interests	Total
Balance at 1 January 2012	50,400,000	21,606,400	7,000,000	-	(116,655)	249,702	6,778,897	(1,172,533)	42,022,704	43,651,570	170,420,085	1,129,279	171,549,364
Total comprehensive income													
Profit for the period	-	-	-	-	-	-	-	-	28,228,916	-	28,228,916	2,023,500	30,252,416
Other comprehensive income													
Change in cash flow hedging reserve, net of tax	-	-	-	-	(47,122)	-	-	-	-	-	(47,122)	-	(47,122)
Change in translation reserve	-	-	-	-	-	-	-	1,364,200	-	-	1,364,200	(68,028)	1,296,172
Total other comprehensive income	-	-	-	-	(47,122)	-	-	1,364,200	-	-	1,317,078	(68,028)	1,249,050
Total comprehensive income	-	-	-	-	(47,122)	-	-	1,364,200	28,228,916	-	29,545,994	1,955,472	31,501,466
Transfers	-	-	-	-	-	-	2,717,989	-	(42,022,704)	39,304,715	-	-	-
Business combination	-	-	-	-	-	-	-	-	-	-	-	9,954,215	9,954,215
Share issuance	7,560,000	-	-	-	-	-	-	-	-	(7,560,000)	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	(12,600,000)	(12,600,000)	-	(12,600,000)
Balance at 30 June 2012	57,960,000	21,606,400	7,000,000	-	(163,777)	249,702	9,496,886	191,667	28,228,916	62,796,285	187,366,079	13,038,966	200,405,045

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

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. and ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012 (In Turkish Lira ("TL"))

	Notes	Reviewed 1 January-30 June 2012	Restated(*) Audited 1 January-30 June 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) for the period		30,252,416	(3,598,971)
Finance costs	23	1,078,121	74,990
Finance income		(2,750,622)	(672,663)
Gain on sale of investment	18	(13,217,194)	-
Profit from business combination	21,11	(6,516,626)	-
Change in investments in equity accounted investees (net)	10	(3,976,649)	4,508,555
Dividend received from equity investments	22	(830,542)	(830,542)
Depreciation of tangible assets	12	664,494	51,660
Amortization of intangible assets	13	356,505	95,558
Change in fair value of investment securities (net)		(1,092,035)	(1,028,356)
Allowance for doubtful receivables (net)	7	(957,183)	-
Provision for impairment on inventories	9	249,526	-
Deferred tax income	24	(358,498)	-
Gain on sale of discontinued operation, net of tax	29	(4,200,013)	(986,253)
Increase in provision for employee bonuses	15	180,565	-
Increase in vacation pay liability	15	206,321	50,289
Increase in severance pay liability	15	315,743	8,876
Increase in accrued expenses	16	52,442	65,642
Increase in accrued income	16	(904,277)	-
Interest received		3,576,760	715,265
Increase in trade receivables		(9,644,341)	(1,271,944)
Increase in inventories		(12,145,939)	(82,438)
Decrease/Increase in other receivables and current assets		2,864,671	220,607
Decrease/(Increase) in trade payables		9,407,842	(69,750)
Increase in other payables		1,869,844	205,680
Employee severance payments	15	(85,774)	(5,214)
Employee vacation pay liability payments		(15,398)	-
Employee bonus payments	15	(484,021)	(320,064)
Net cash used in operating activities		(6,103,857)	(2,869,073)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash flows for the period	29	(477,677)	-
(Increase)/decrease in investment securities		3,685,760	2,239,065
Proceeds from sale of associates	18	18,813,900	-
Dividend received from equity investments	22	830,542	830,542
Acquisition of property and equipment	12	(982,719)	(113,117)
Acquisition of intangible assets	13	-	(19,264)
Proceeds from sale of property and equipment		179,728	-
Net cash provided from investing activities		22,049,534	2,937,226
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowed funds		22,477,829	1,267,608
Repayment of financial liabilities		(11,953,265)	(237,760)
Finance costs paid	23	(1,078,121)	(74,990)
Dividend paid	17	(12,600,000)	(2,500,000)
Net cash provided from financing activities		(3,153,557)	(1,545,142)
Foreign currency translation difference		1,296,172	(71,169)
NET INCREASE IN CASH AND CASH EQUIVALENTS		14,088,292	(1,548,158)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF		39,662,428	14,340,833
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4	53,750,720	12,792,675

(*) See Note 2.

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

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. and ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2012

(Amounts are expressed in Turkish Lira (“TL”), unless otherwise stated)

1. ORGANIZATION OF THE GROUP AND NATURE OF OPERATIONS

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. (“the Company” or “İş Girişim Sermayesi”), was established in İstanbul. The registered address of the Company is İş Kuleleri Kule 2, Kat:2, Levent, İstanbul. Türkiye İş Bankası A.Ş is the ultimate shareholder of the Group. The Company’s shares are traded in the Istanbul Stock Exchange since 2004.

The Company and its subsidiary (“Group”) have operations in three business segments: Private equity and IT, audio and communication systems and production and trading of orthopedics, medical, surgical equipments. The operating segments explained below are the basis of segment reporting of the Group. The Company also has associates operating in various sectors, which are explained below.

The Group’s core business activities are as follows:

Private equity: Investing in venture capital companies which are established or will be established in Turkey and has potential to grow and need resources.

IT, audio and communication systems: Providing project consultancy, research and development of computer hardware and software, audio technologies and telecommunication systems in domestic and foreign market. Exporting, importing, distributorship, agency, installation, maintenance, after sale services, training and management, marketing of these systems and acting as the agent.

Production and trading of orthopedics, medical, surgical equipments: Purchasing-selling, marketing, producing, exporting, importing of orthopedics, medical, surgical equipments.

Group’s segment reporting in basis of operating fields is disclosed in Note 3.

As at 30 June 2012, the Company has 15 and the Group have 151 employees. (31 December 2011: Company: 13 and Group: 64).

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. and ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT 30 JUNE 2012

(Amounts are expressed in Turkish Lira (“TL”), unless otherwise stated)

1. ORGANIZATION OF THE GROUP AND THE NATURE OF OPERATIONS (continued)

The details of subsidiary and associates of the Company are as follows:

Subsidiary:

	Stock markets in which their shares are traded	Nature of operations	Main Business Area
Nevotek Bilişim Ses ve İletişim Sistemleri Sanayi ve Ticaret A.Ş. (“Nevotek”)	None	Service	Providing project consultancy, research and development of computer hardware and, audio technologies and telecommunication systems in domestic and foreign market. Exporting, importing, distributorship, agency, installation, maintenance, after sale services, training and management, marketing of these systems and acting as the agent.
Nevotek Middle East FZ LLC	None	Service	Audio technologies and telecommunication systems
Nevotek Intercorporation	None	Service	Audio technologies and telecommunication systems
Convera Systems FZ LLC	None	Service	Software product sale and service
Ortopro Tıbbi Aletler Sanayi ve Ticaret A.Ş. (“Ortopro”)	None	Production / Commerce	Purchasing-selling, marketing, producing, exporting, importing of orthopedics, medical, surgical instruments and performing the others written in main contract.
Covision Medikal Technologies Limited	None	Commerce	Medical instrument and equipment commerce

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT 30 JUNE 2012

(Amounts are expressed in Turkish Lira (“TL”), unless otherwise stated)

1. ORGANIZATION OF THE GROUP AND THE NATURE OF OPERATIONS (continued)

Associates :

Company Title	Stock markets in which their shares are traded	Nature of operations	Main Business Area
Türkmed Diyaliz ve Böbrek Sağlığı Kurumları A.Ş. (“Türkmed”)	None	Service	Investing in companies operating in dialysis sector, supplying personnel to these companies and other activities written in its main agreement.
Havaalanları Yer Hizmetleri A.Ş. (“Havaş”)	None	Service	Providing ground handling services for airlines at the airports.

İş Ortaklığı

Aras Kargo Yurt İçi Yurt Dışı Taşımacılık A.Ş. (“Aras Kargo”)	None	Service	Local,global and transit transaction of individual and commercial property.
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Approval of Financial Statements:

The consolidated financial statements of the Group as at 30 June 2012 are approved by the Board of Directors and authorized for issue on 28 August 2012. General Assembly has the power to amend the financial statements after their issue.

2. BASIS OF PRESENTATION

2.1 Basis of Presentation

Basis of Preparation of Financial Statements

The Company and its subsidiary located in Turkey maintain their books of account and prepare their statutory financial statements in accordance with accounting principles of the Turkish Commercial Code (“TCC”) and tax legislation. The entities controlled by the subsidiary operating in foreign countries maintain their books of account and prepare their statutory financial statements in the functional currency of the country, which they are operating in and in compliance with the related country’s regulations.

The accompanying consolidated financial statements of the Group is prepared in accordance with the communiqué Serial: XI, No:29 “Communiqué on Financial Reporting Standards in Capital Markets” (“Communiqué XI-29”) promulgated by Capital Markets Board of Turkey (“CMB), which is published at 9 April 2008 in the Official Gazette numbered 26842. In accordance with the communiqué Serial: XI, No: 29 the entities are required to apply “International Financial Reporting Standards (“IAS/IFRS”) as adopted by European Union (“EU”). However, for implementation of the 5th substance of the communiqué until the differences between the IAS/IFRSs as adopted by EU and IAS/IFRSs as issued by IASB are declared by the Turkish Accounting Standards Board (TASB) in accordance with provisional article 2 of the communiqué, IAS/IFRSs will be applied. In this respect the Turkish Accounting/Financial Reporting Standards (“TAS/TFRS”) promulgated by TASB, which are compatible with the applied standards will be adopted. As According with this consolidated financial statements are prepared as of 30 June 2012, in compatible with TAS/TFRS

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. and ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT 30 JUNE 2012

(Amounts are expressed in Turkish Lira (“TL”), unless otherwise stated)

2. BASIS OF PRESENTATION (continued)

2.1 Basis of Presentation (continued)

With the governing decree law numbered 660 published in official gazette on 2 November 2011, the establishment article of TASB stated in the 2499 numbered law with an additional article number one has been superseded and the Council of Ministers decided to establish Public Oversight Accounting and Auditing Standards Agency (“Oversight Agency”). In accordance with the transitional article number one of the governing decree law, until the date of the issuing of standards and regulations by Oversight Agency, the existing regulations will be applied. Accordingly, as of the reporting period, the Basis of Presentation has not been changed.

The consolidated financial statements are prepared on the historical basis except for the financial assets and liabilities, which are measured at their fair values. Fair value of the amount paid to acquire assets is the basis used to determine the historical cost.

Functional and Presentation Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements. Functional currency of Nevotek and Ortopro, the subsidiaries of the Company, is TL. The functional currency of Havaş, the associate of the Company, is Euro. Other associates’ functional currency is TL.

The foreign exchange rates used by the Group as at 30 June 2012 and 31 December 2011 are as follows:

	30 June 2012	31 December 2011
US Dollar	1.8065	1.8889
Euro	2.2742	2.4438

Preparation of Financial Statements in Hyperinflationary Periods

CMB, with its resolution dated 17 March 2005 declared that companies operating in Turkey, which prepare their financial statements in accordance with CMB Financial Reporting Standards (including those applying IAS/IFRS), effective from 1 January 2005, will not be subject to the application of inflation accounting. Consequently, in the accompanying consolidated financial statements IAS/TAS 29 “Financial Reporting in Hyperinflationary Economies” was not applied.

Comparative Information

The Group’s consolidated financial statements are prepared including comparative information in order to enable readers to understand the trends in the financial position and performance of the Group. The change in presentation or reclassification of the financial statement items is applied retrospectively and the reclassifications made in the prior year financial information are disclosed in the notes to the consolidated financial statements.

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2. BASIS OF PRESENTATION (continued)

2.1 Basis of Presentation (continued)

Restatement of prior period financial statements

As explained in Note 29 Ortopro, subsidiary of the Group, has sold Orsem Ortopedik Aletler ve Medikal Cihazlar Sanayi ve Ticaret A.Ş. at 30 March 2012 and classified operations related to three month period as discontinued operation in the statement of comprehensive income. The comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comprehensive year. As of 30 June 2011, in accordance with the framework the Group has classified the shares amounting to TL 986,253 from operations arising from the subsidiary of Ortopro named as Orsem from “Share of profit / (loss) of equity accounted investees” to “Profit from discontinued operation”

Basis of Consolidation

The details of the Group’s subsidiary as at 30 June 2012 and 31 December 2011 are as follows:

Subsidiary	Acquisition date	Founding and operating location	Shareholding Interest (%)		Voting power	Main business area
			30 June 2012	31 December 2011		
Nevotek	30 September 2003	Türkiye	81.24 ⁽¹⁾	85.24	81.24	IT, audio and communication systems
Ortopro	10 December 2007	Türkiye	32.50 ⁽²⁾	31.00	52.50	Purchasing-selling, marketing, producing, exporting, importing of orthopedics, medical, surgical instruments

⁽¹⁾ Nevotek has transferred %4 of paid in capital that is equivalent of 169.68 number of shares to the other shareholders’ of Nevotek within the protocol of premium and dividend tied to performance signed between The Company and Nevotek, subsidiary of the Group. After the transfer İş Girişim’s rate of owned shares has decreased from %85.24 to %81.24.

⁽²⁾ The Company take over %1.5 bonus shares and İş Girişim’s share owned in Ortopro increased to %32.5 based on Subscription and Stakeholders Engagement signed at 4 December 2007 with Ortopro Tıbbi Aletler Sanayi ve Ticaret A.Ş. As of 5 March 2012 Erol Frik has become shareholder with holding %20 of the shares through transferring USD 4,5 million to Ortopro through capital increase by limiting existing shareholders’ stock warrant. Simultaneous with capital increase, İş Girişim has purchased bonus share at the rate of %6.5 from Tolga Yalçınkaya, shareholder of Ortopro, and İş Girişim’s owned shares in Ortopro have been maintained at the rate of %32.5. İş Girişim’s member of Board of Director increased from 1 to 2. The Group has started to control more than half of shares of Group B. Therefore as of 30 June 2012 Ortopro has included in financial statement through using full consolidation method instead of recognising through equity method as associate as prior period

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2. BASIS OF PRESENTATION (continued)

2.1 Basis of Presentation (continued)

Basis of Consolidation (continued)

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary. Control is achieved where the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities.

The gains and losses results from the sale of non- controlling interests, without a change in control, for the subsidiaries acquired or sold during the period are recognized in equity.

Where necessary, adjustments are made to the financial statements of subsidiaries to make their accounting policies in line with those applied by the Group.

All intra group transactions, balances, income and expenses are eliminated for consolidation purposes.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately in the equity of the Group. Non-controlling interests comprised the sum of the shareholding amount at the date of the initial business combination and the minority’s share in the changes of equity subsequent to the date of the combination. Losses applicable to the minority in excess of the minority’s interest in the subsidiary’s equity are allocated against the shareholding interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

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2. BASIS OF PRESENTATION (continued)

2.1 Basis of Presentation (continued)

Associates and joint ventures

Associates are the entities on which the Group has significant influence apart from subsidiaries. Significant influence is the participation power to govern the financial and operating policies of an entity without having individually or jointly control power. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The details of Group's associates as at 30 June 2012 and 31 December 2011 are as follows:

Associates	Acquisition date	Founding and operating location	Shareholding interest (%)		Voting power	Main business area
			30 June 2012	31 December 2011		
Türkmed	17 December 2007	Türkiye	25.78	25.78	(1)	Service
Ode	9 June 2007	Türkiye	-	17.24	(2)	Production
Havaş	24 March 2010	Türkiye	6.67	6.67	(3)	Service

Associates	Acquisition date	Founding and operating location	Shareholding interest (%)		Voting power	Main business area
			30 June 2012	31 December 2011		
Aras Kargo	15 Kasım 2011	Türkiye	20.00	20.00	(4)	Service

- (1) Total number of Türkmed' Board of Directors members is 4 and 1 member represents İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. Besides, İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. has power to veto some decisions.
- (2) The Group has sold all shares at the rate of 17.24% owned in Ode to Ode İzolasyon Sanayi Satış ve Pazarlama A.Ş. at 26 March 2012 for USD 10,500,000 (TL 18,813,900)
- (3) Total number of Havas's Board of Directors members is 6 and 1 member represents İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. Besides, İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. has power to veto some decisions. Assembly quorum for Board of Directors is 5. Board of Directors decisions are taken by at least 4 affirmative votes. Important Board of Directors decisions are taken by affirmative votes of all members (2 people) nominated by Group B shareholders in which İş Girişim is included.
- (4) Aras Kargo is Group's joint venture. Total number of Aras Kargo's Board of Directors members is 6 and 3 members represent İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. Important Board of Directors decisions are taken by affirmative votes of all members (2 people) nominated by Group B shareholders in which İş Girişim is included. Based on the arrangements of the contracts signed by Aras Kargo's shareholders, İş Girişim has power to select and change %50 of total number of Board of Directors, rights to buy and transfer shares.

Investments in associates and jointly ventures are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investees, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discounted except to the extent that the Group has an obligation or has made payments on behalf of the investee.

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2. BASIS OF PRESENTATION (continued)

2.1 Basis of Presentation (continued)

Associates and joint ventures(continued)

Goodwill represents the excess amount of the acquisition cost over the fair value of the associate’s the identifiable assets, liabilities and contingent liabilities at the date of the acquisition. The carrying amount of goodwill is included in the carrying amount of the investment and is tested for impairment as a part of the investment. If, after reassessment, the Group’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

2.2 Changes in Accounting Policies

There is no change in the Group’s accounting policies as of 1 January 2012.

2.3 Changes in Accounting Estimates and Errors

Effect of changes in accounting estimates, if it is only related to one period, is recognized in the period that the change is made, if it is related with the future periods, is recognized in the current period and also in future periods, prospectively. There is not any significant change in Group’s accounting estimates in the current period.

Material errors are corrected retrospectively and the prior period financial statements are restated accordingly.

2.4 New standards and interpretations as of 30 June 2012

Some new standards, amendments and interpretations to standards as at 30 June 2012 is not effective yet and was not applied in preparing these consolidated financial statements. The following new standards are expected to impact the Group’s consolidated financial statements:

IAS 1 *Presentation of Items of Other Comprehensive Income* require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments are effective for annual periods beginning on or after 1 July 2012.

IFRS 10 *Consolidated Financial Statements* is replaced with TAS 27(2007) and IAS Comment 12 Consolidated – special purpose entities and become effective for annual periods beginning on or after 1 January 2013.

IFRS 11 *Joint venture* is replaced with IAS 31 and IAS 12 Consolidated – special purpose entities and become effective for annual periods beginning on or after 1 January 2013.

IFRS 12 *Disclosure of Interests in Other Entities* contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities and becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 *Fair Value Measurement* replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance and becomes effective for annual periods beginning on or after 1 January 2013.

IAS 27 *Separate Financial Statements* (2011) supersedes IAS 27 (2008) and becomes effective for annual periods beginning on or after 1 January 2013.

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2. BASIS OF PRESENTATION (continued)

2.4 New standards and interpretations as of 30 June 2012 (continued)

IAS 28 *Investments in Associates and Joint Ventures* (2011) supersedes IAS 28 (2008) and becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 9 *Financial Instruments* could change the classification and measurement of financial assets and becomes effective for annual periods beginning on or after 1 January 2015.

Group has not determined the effects of the implementation of these standards yet.

2.5 Summary of Significant Accounting Policies

Revenue

Private equity

Revenues are comprised of sale of subsidiary and/or associate, income from consultancy services provided to associates.

Revenues of the sale of non-controlling interests of the subsidiary without a change in control and/or associate are recognized when the sales are realized. Consultancy services given to associates are recognized at the date of the service rendered.

Dividend and interest income

Interest income is accrued by remaining principal in proportion as effective interest rate that reduces expected cash flows obtained from financial asset during its expected useful life to its carrying value in the related period.

Dividend income from equity investments and associates are recognized when shareholders have the right to receive the dividend.

Income stems from the sale of security portfolio and coupon payment and amortization income are recognized when the transaction is realized. The period end valuation income is recognized in the related accounts as at the period end.

IT, audio and communication systems

Revenue is recognized on an accrual basis by the amount of excess of the fair value if it is probable that the future economic benefits of the revenue will flow to the Company.

Group recognizes revenue when Group has available contracts with clients, product or service is delivered, amount of revenue measured reliably, and it is probable that the Group will be receiving economical benefit.

Group recognizes revenue for license and software solutions after the software is delivered and the service is started to be used by considering the conditions mentioned in the first paragraph.

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2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Revenue (continued)

Sector of Orthopedics and medical equipments

Revenues are calculated by received payments or fair value of payments which will be received. Estimated refunds, discounts, and provisions are deducted from the mentioned amount.

Goods Sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received and receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of the ownership have been transferred to customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Inventories

Inventories are measured at the lower of cost and net realisable value. Costs involved in inventories is comprised of direct material, direct labour used for bringing inventories to their existing condition if applicable and production overheads. Weighted average cost method is used in calculating cost of inventories. Net realisable value is estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Property and equipment

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

Depreciation is charged to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed every year, with the effect of any changes in estimates accounted prospectively.

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

Regular repair and maintenance costs of tangible assets are recognized as expense as incurred.

Leased assets are depreciated over the shorter of the lease term and their useful life ans as if property and equipment.

The estimated useful lives for the current and comparative periods are as follows:

	Useful Life
Machinery and equipment	3-7 years
Furniture and fixtures	3-15 years
Vehicles	5 years
Leasehold improvements	3-5 years

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2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Intangible Assets (continued)

Goodwill

Goodwill represents the excess amount of the acquisition cost over the fair value of the subsidiary/associate’s identifiable assets, liabilities and contingent liabilities at the date of the acquisition. The carrying amount of goodwill result from association and joint ventures is included in the “Equity accounted investees” and is tested for impairment as a part of the investment. Goodwill that result from acquisition of subsidiary is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocations made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Acquired intangible assets

Intangible assets that are acquired by the Group are carried at their cost less accumulated amortization and accumulated impairment losses. Amortization is calculated on a straight-line basis over their estimated useful lives. The estimated useful lives and amortization method are reviewed at each financial year end and the effect of the changes in estimates accounted prospectively.

Computer software

Acquired computer software are recognized with their acquisition costs and the costs incurred in the period until the software is ready to use. These costs are amortized over their estimated useful lives.

Costs associated with developing or maintaining computer software are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives.

Useful life for computer software is 5 years.

Intangible assets acquired through business combinations

Intangible assets acquired through business combinations are defined and accounted separately from goodwill if the fair value of intangible is measured properly and meets definition of intangible asset. The cost of such kind of an intangible asset is equal to its fair value as at the acquisition date.

Subsequent to initial recognition, the intangible assets acquired through business combinations are carried at cost less accumulated depreciation and impairment losses as the same as if intangible assets acquired separately.

As distribution network and licences are explained in Note 11, recognised as intangible assets in the content of IFRS 3 for the reason of changing in controlling interest of the Group owned in Ortopro. The useful life of these intangible assets is 3-5 years.

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2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Intangible Assets (continued)

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Derecognition of intangible assets

If an intangible asset disposed of, or there isn't any future economic benefit expectation from the usage or sale, will be excluded from the statement of financial position. An intangible asset arising from release to non-profit or loss statement of financial position, if any, of net proceeds from disposal of assets is calculated as the difference between the book value. When this difference is taken out of the statement of financial position of the related asset, it will be recognized in profit or loss.

Finance Leases

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases, the other leases except finance lease is classified as operational lease.

On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Liability against lessor is presented as financial lease liability in statement of financial position. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability through principal payment and provide interest calculation with fixed rate on the rest of principal after payment. Within the Group's borrowing policy financial expenses except capitalized part is recognized in profit/loss.

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

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2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Impairment of Non- Financial Assets

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

Assets held for sale

Assets that are expected to be recovered primarily through sale or distribution rather than through continuing use are classified as held for sale or distribution. These assets can be an operating unit, sales groups or a separate tangible asset. Assets held for sale are expected to be sold in twelve months following the reporting period. The assets held for sale are measured at the lower of their carrying amount and fair value. In the condition that the carrying amount exceeds the fair value, the impairment is recognized as a loss in the related period’s profit or loss.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. The capitalization of the borrowing costs ceased when all the operations are done for the preparation and the qualifying asset is ready to use. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

The Group does not have any capitalized borrowing costs.

Financial Instruments

Financial Assets

Financial assets, except for the financial assets classified as at fair value through profit or loss and initially measured with fair value, are recognized with total of fair values and transaction costs related with acquisition. Investments are recognized and derecognized on a trade date where the purchase or sale of an investment under a contract whose terms require delivery of the investment within the time frame established by the market concerned.

Financial assets are classified into the following categories: ‘financial assets at fair value through profit or loss’ (FVTPL), ‘held-to-maturity investments’, ‘available-for-sale’ (“AFS”) financial assets and ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts to present value through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

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2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and although they are not initially acquired for the purpose of trading, recognized in this category at the initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets at fair value through profit or loss unless they are designated as hedging instrument.

Held-to-maturity investments

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

The Group does not have any held-to-maturity investments at the end of the reporting period.

Available-for-sale financial assets

Quoted equity investments and quoted certain debt securities held by the Group that are traded in an active market are classified as being available-for-sale financial assets and are measured at fair value. Gains and losses arising from changes in fair value, other than impairment losses, interest income calculated using effective interest method and foreign exchange gain/losses which are recognized, are recognized in other comprehensive income and accumulated under fair value reserve.

When the investment is disposed or impaired, the cumulative gain or loss previously recognized in fair value reserve is recognized in profit or loss.

Dividends related to equity instruments held for sale are recognized in profit or loss when the Group has right to receive dividend.

Fair value of available for sale financial assets in foreign currency is determined in the currency it is denominated and converted by the foreign exchange rate at end of the reporting date. Foreign exchange gains/losses recognized in profit of loss statement is determined at amortized cost of monetary assets. Other foreign exchange gains/losses are recognized in the other comprehensive income.

The Group does not have any available-for-sale financial assets at the end of the reporting period.

Loans and receivables

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

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2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets measured with effective interest method, the amount of the impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, receivable from reverse repo and other short-term highly liquid investments which have maturities of three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities

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

The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

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

Financial liabilities at fair value through profit and loss (“FVTPL”)

Financial liabilities at FVTPL are carried at fair value, with any resultant gain or loss recognized in profit or loss and reassessed at each reporting date. The net gain or loss recognized in profit or loss comprises any interest paid on the financial liability.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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(Amounts are expressed in Turkish Lira (“TL”), unless otherwise stated)

2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

Other financial liabilities

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

Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

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

Business Combinations

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

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

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling’s proportion of the fair value of the assets, liabilities and contingent liabilities recognized.

Only if the fair value of acquired identifiable assets, liabilities and contingent liabilities or cost of the merger is determined temporarily, if the merger has to be done temporarily at the end of the acquisition period, provisional acquisition accounting is applied by the Company In accordance with TFRS 3 "Business Combinations", the provisional acquisition accounting process must be completed within 12 months from the date of transaction.

For business combinations the excess of the cost of acquisition over the fair value of net identifiable assets, liabilities and contingent liabilities of the acquiree is recognized as goodwill. In the bargain purchase, excess of the fair value of net identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognized immediately in profit or loss (Note 10).

The transaction causing the change in controlling interest in Ortopro is mentioned in Note 11 detaily, recognised in accordance with IFRS 3 “Business Combination”.

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(Amounts are expressed in Turkish Lira ("TL"), unless otherwise stated)

2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Foreign Currency Transactions

The Group's businesses' financial statements are presented in currency that is valid around basic economical environment (functional currency) where they are operating in Turkish Lira ("TL"), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

When preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates at the end of the reporting periods. Non-monetary assets and liabilities denominated in foreign currencies are translated to TL with the exchange rates at the dates on which their fair values are determined. Foreign currency non-monetary items measured at historic cost are not subject to translation again.

Foreign currency translation differences, except for the cases below, are recognized as profit or loss in related period:

- Foreign exchange gains or losses included in cost of assets and adjustment in interest cost in liabilities denominated in foreign currency and also related with assets under constructions for future usage,
- Foreign exchange gains or losses from settlement of transactions to have financial protection against foreign currency risks (accounting policies provide financial protection against risks are disclosed below).
- Foreign exchange gains or losses from monetary payables and receivables of foreign operations that are part of net investment, accounted in translation reserves and related to gain or loss from sale of net investment that are not intended or possible to be paid.

Group's monetary assets and liabilities denominated in foreign currencies in foreign operations have been translated into TL at the exchange rates prevailing at the end of the reporting periods. Income and expense items are translated to TL at the exchange rates from average rate of the period if there is not significant fluctuation in exchange rate. (If so, income and expense items are translated to TL at the exchange rates at the dates of the transactions are done).

Translation difference is classified to equity and transferred to Group's foreign currency translation reserve. Those translation differences are recognized in profit or loss after the disposal of foreign operation.

Goodwill stems from acquisition of foreign operations and fair value adjustments are considered as assets and liabilities of foreign operations and translated by the foreign exchange rates at the end of the reporting period.

Earnings per share

Earnings per share disclosed in the consolidated statement of comprehensive income are calculated by dividing net earnings by the weighted average number of shares that have been outstanding during the related period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustments on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retrospective effect for the year in which they were issued and each earlier year.

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2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then the hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Events after the reporting period

Events after the reporting period are those events, that occur between the end of the reporting period and the date when the financial statements are authorized for issue.

The Group adjusts its consolidated financial statements to reflect adjusting events after the reporting period and discloses the material non-adjusting events after the reporting period in the notes to the consolidated financial statements.

Provisions, contingent assets and liabilities

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When the provision is measured by using the estimated cash flows to meet the present liability, carrying amount of the concerned provision is equal to present value of related cash flows.

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

Segment Reporting

The Group has three operating segments. Each segment's information is used for the evaluation and allocation of the resources separately by the management. Since these segments are affected from different economic conditions, they are managed separately (Note 3). According to internal reporting, reporting is made based on IFRS figures in three different segments named as Private equity, IT, audio and communication systems and orthopedics and medical equipments and in two geographical field as Turkey and England.

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2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Income Taxes

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

Income tax expense is comprised of current tax and deferred tax expense.

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş is exempt from Corporate Tax in accordance with the 5th /d-3 article. Besides, income from private equity is not subject to advance tax application and earning from portfolio management withholding rate is determined as %0.

Ortopro, subsidiary of the Group is subject to income tax and corporate tax that are effective in Turkey.

The Company's subsidiary, Nevotek, is an income and corporate taxpayer in Turkey. Nevotek is a corporate taxpayer operating in Technology Development Area with the Article No. 4691/2 of Technology Development Area and the Article No.5035. Nevotek's income from R&D activities and software in this area is exempt from income and corporate tax until 31 December 2013. With the decision of amendment to Technology Development Area Law No 6170 at 12 March 2011, this exemption period is extended until 31 December 2023.

The Groups subsidiaries' income in United Arab Emirates is not exposed to corporate tax. The subsidiary's income in California in United States of America, is exposed to both federal and state income tax. The federal tax rate is gradual and between 15%- 35%, the state tax rate is 8,84%.

Current Tax

Current tax liability is calculated on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's current tax liability is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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AS AT 30 JUNE 2012

(Amounts are expressed in Turkish Lira (“TL”), unless otherwise stated)

2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

Deferred tax (continued)

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

Current and deferred tax for the period

Current and deferred tax are recognized as expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into consideration in calculating goodwill or determining the excess cost of the acquirer’s interest over fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities.

Employee Benefits

Employee Severance Pay Liability

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per IAS 19 “Employee Benefits” (“TMS 19”).

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligations. The actuarial gains and losses are recognized in profit or loss.

Employee bonuses

Group makes provision if there is a contractual obligation or constructive obligation caused by previous applications.

Other short-term employee benefits

Other short-term employee benefits include vacation pay liability. In Turkey, according to the legislation, the employer has to make payments for unused vacation days when the personnel leave the company. Vacation pay liability is the undiscounted amount calculated over the unused vacation days of the employee.

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(Amounts are expressed in Turkish Lira (“TL”), unless otherwise stated)

2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Employee Benefits (continued)

Post Employment Plans

The Group does not have any retirement or post employment benefit plans.

Statements of cash flows

In the statement of cash flows, cash flows are classified as operating, investing and financing activities.

Cash flows from operating activities represent the cash flows provided from Group’s private equity and IT, audio and communication systems.

Cash flows from investing activities represent the group’s cash flows used in/provided from investing activities (fixed investments and financial investments)

Cash flows from financing activities represent the Group’s funds used in and repayment of the funds during the year.

Discontinued Operations

Discontinued operations have stated as disposal of the main business line or the geographical branch of operations of the entity. Discontinued operations are part of the sale of separate main business line or geographical branch within the framework of separately coordinated plan or subsidiary acquired for sale. The net assets relevant to discontinued operations are measured at fair value less cost to sell and pre-tax profit or loss and post-tax profit or loss are reflected to financial statements in course of disposal of the assets and group of assets that discontinued operations are constituted, are disclosed and the analysis of pre-tax profit/loss is succeed in concurrence with income/expense. Besides cash flows from each of operating, investing and financing activities related to discontinued operations are disclosed. The group of assets are classified as held for sale in case of the assets are planned to be recovered as a consequence sale instead of planning to be used .Liabilities, directly attributable to these assets, are grouped similar as the assets. The group of assets are measured at the lower of carrying amount less directly attributable liabilities and fair value less costs to sell. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Share capital and Dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are deducted from retained earnings and reclassified as dividend payable in the period that the dividend distribution decision is taken.

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2. BASIS OF PRESENTATION (continued)

2.5 Summary of Significant Accounting Policies (continued)

Accounting Estimates

The preparation of consolidated financial statements in accordance with Communiqué XI-29 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

The estimates are used particularly in the following notes:

Not 10	Investments in equity accounted investees (*)
Not 11	Goodwill (*)
Not 12-13	Useful lives of property and equipment and intangible assets
Not 14	Provisions, Contingent Assets and Liabilities
Not 15	Employee benefits
Not 24	Tax assets

(*)Impairment loss on goodwill

Group performs impairment test annually according to the accounting policy explained in Note 2.5. Recoverable amount of cash generating units are determined with the applicable measurement techniques. These computations require the use of estimates.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2012

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3. SEGMENT REPORTING

For the period ended 30 June 2012:

In accordance with operation segment:

	Private equity	IT, audio and communication systems	Orthopedics, medical and surgical equipments	Total continuing operations
	1 January-30 June 2012	1 January-30 June 2012	1 January-30 June 2012	1 January-30 June 2012
Revenue				
Sales revenue	18,936,283	5,255,605	6,959,575	31,151,463
Cost of sales	(5,596,707)	(2,550,508)	(3,820,208)	(11,967,423)
Marketing, sales and distribution expenses	-	(943,489)	(1,254,925)	(2,198,414)
Administrative expenses	(3,170,962)	(1,722,405)	(2,112,928)	(7,006,295)
Research and development expenses	-	(1,436,990)	(99,631)	(1,536,621)
Other operating income	6,547,900	102,075	163,565	6,813,540
Other operating expenses	(663)	(810,358)	(4,008)	(815,029)
Share of profit / (loss) of equity accounted investees	3,976,649	-	-	3,976,649
Finance income	9,385,458	1,379,053	1,305,485	12,069,996
Finance costs	(685,098)	(1,793,774)	(2,317,561)	(4,796,433)
Profit before tax	29,392,860	(2,520,791)	(1,180,636)	25,691,433
Current tax income/ expense	-	-	-	-
Deferred tax asset/ liability	-	-	358,498	358,498
Profit/ (Loss) from continuing operations	29,392,860	(2,520,791)	(822,138)	26,049,931
Profit from discontinued operations	-	-	4,202,485	4,202,485
Profit for the period				30,252,416
Non-controlling interests				2,023,500
Owners of the Company				<u>28,228,916</u>
				<u>30,252,416</u>

Other information:

	Private equity	IT, audio and communication systems	Orthopedics, medical and surgical equipments	Total continuing operations
	1 January-30 June 2012	1 January-30 June 2012	1 January-30 June 2012	1 January-30 June 2012
Capital increase	7,560,000	-	-	7,560,000
Amortization and depreciation expenses	(65,621)	(77,231)	(878,149)	(1,021,001)
Acquisition of property and equipment and intangible assets	720,887	27,920	233,912	982,719

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3. SEGMENT REPORTING (continued)

<u>As at 30 June 2012:</u>	Private equity	IT, audio and communication systems	Orthopedics, medical and surgical equipments	Consolidation adjustments	Total continuing operations
	30 June 2012	30 June 2012	30 June 2012	30 June 2012	30 June 2012
Statement of Financial Position					
Segment assets	175,886,990	8,396,158	34,079,567	8,913,110	227,275,825
Segment liabilities	(1,422,606)	(4,193,723)	(21,254,451)	-	(26,870,780)

In accordance with geographical area:

30 June 2012

	Turkey	England	Elimination(*)	Total
Sales (1 January - 30 June)	29,572,650	1,767,209	(188,396)	31,151,463
Total assets (1 January - 30 June)	232,385,054	2,462,577	(7,571,806)	227,275,825
Acquisition of property and equipment and intangible assets (1 January - 30 June) (**)	982,719	-	-	982,719

(*) In the extent of consolidation, the elimination arising from the transaction and payables/receivables between the Group firms is expressed.

(**) Acquisition of property and equipment through leasing is included.

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3. SEGMENT REPORTING (continued)

For the period ended 30 June 2011:

In accordance with operation segment:

	Private equity	IT, audio and communication systems	Total continuing operations
	1 January- 30 June 2011	1 January- 30 June 2011	1 January- 30 June 2011
Revenue			
Sales revenue	167,260	5,114,832	5,282,092
Cost of sales	-	(1,339,758)	(1,339,758)
Marketing, sales and distribution expenses	-	(767,043)	(767,043)
Administrative expenses	(2,187,851)	(1,360,637)	(3,548,488)
Research and development expenses	-	(1,220,186)	(1,220,186)
Other operating income	44,098	7,786	51,884
Other operating expenses	-	(260,386)	(260,386)
Share of profit / (loss) of equity accounted investees	(4,508,555)	-	(4,508,555)
Finance income	2,853,425	1,398,913	4,252,338
Finance costs	(1,850,665)	(676,457)	(2,527,122)
Profit/ (Loss) before tax	(5,482,288)	897,064	(4,585,224)
Tax expense	-	-	-
Profit/ (Loss) from continuing operations	(5,482,288)	897,064	(4,585,224)
Profit from discontinued operations	-	-	986,253
Profit for the period			(3,598,971)
Non-controlling interests			132,380
Owners of the Company			(3,731,351)
			(3,598,971)

Other information:

	Private equity	IT, audio and communication systems	Consolidation adjustments	Total continuing operations
	1 January- 30 June 2011	1 January- 30 June 2011	1 January- 30 June 2011	1 January- 30 June 2011
Amortisman ve itfa giderleri	(11,204)	(136,014)	-	(147,218)
Maddi ve maddi olmayan duran varlık alımları	55,712	76,669	-	132,381

As at 31 December 2011:

	Private equity	IT, audio and communication systems	Consolidation adjustments	Total continuing operations
	31 December 2011	31 December 2011	31 December 2011	31 December 2011
Statement of Financial Position				
Segment assets	169,554,499	10,787,657	(3,932,125)	176,410,031
Segment liabilities	(1,725,433)	(3,135,234)	-	(4,860,667)

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4. CASH AND CASH EQUIVALENTS

	30 June 2012	31 December 2011
Cash on hand	130,077	1,578
Cash at banks (Not 26)	52,121,419	34,311,545
<i>Demand deposit</i>	1,833,840	1,862,353
<i>Time deposits with maturities less than 3 months</i>	50,287,579	32,449,192
B type liquid fund (Not 26)	2,325,360	5,845,962
	<u>54,576,856</u>	<u>40,159,085</u>

Reconciliation between the elements comprises cash and cash equivalents in the statement of financial position and statement of cash flows:

	30 June 2012	30 December 2011
Cash and cash equivalents	54,576,856	12,852,538
Eksi: Accrued interest	(373,031)	(59,863)
Eksi: Blocked amount	(453,105)	-
	<u>53,750,720</u>	<u>12,792,675</u>

As at 30 June 2012 and 31 December 2011 interest and maturity details of the bank deposits are as follows:

	30 June 2012			
	Interest Rate %	Maturity	Currency	Amount TL
TL Time Deposit	11.35%	3 June 2012	TL	8,081,869
TL Time Deposit	11.65%	17 June 2012	TL	20,120,956
TL Time Deposit	11.75%	23 June 2012	TL	22,084,754
				<u>50,287,579</u>
	31 December 2011			
	Interest Rate %	Maturity	Currency	Amount TL
TL Time Deposit	11.00	9 January 2012	TL	21,627,533
TL Time Deposit	12.20	27 January 2012	TL	10,821,659
				<u>32,449,192</u>

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4. CASH AND CASH EQUIVALENTS (continued)

The details of B Type liquid funds classified as cash and cash equivalents are as follows:

	30 June 2012	
	Nominal (*)	Fair Value
B type liquid fund	110.784.195	2,325,360
		2,325,360

	31 December 2011	
	Nominal (*)	Fair Value
B type liquid fund	319.081.252	5,845,962
		5,845,962

(*) Investment fund is presented in units.

The currency, interest rate and sensitivity analyses are disclosed in Note 26.

As at 30 June 2012 there is blokage based on the existence of letters of credit on the time deposit of the Group, invested in İş Bankası, amounted to USD 251,000 (TL 453,105). (31 December 2011: None)

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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5. INVESTMENT SECURITIES

	30 June 2012	31 December 2011
Financial assets designated at fair value through profit or loss	72,992,843	75,586,568
	<u>72,992,843</u>	<u>75,586,568</u>

	30 June 2012	
	Nominal(*)	Fair Value
Government bonds	39,800,000	37,806,682
Investment funds (Note 26)	234,870,314	6,417,619
Eurobond (private sector)	1,500,000	2,542,518
Private sector bonds and notes (Note 26)	21,677,500	21,658,040
Shares quoted to stock exchange (Note 26)	5,190,891	4,567,984
		<u>72,992,843</u>

	31 December 2011	
	Nominal(*)	Fair Value
Government bonds	6,900,000	8,012,531
Investment funds (Note 26)	1,664,957,950	41,532,782
Eurobond (private sector)	1,500,000	2,659,218
Private sector bonds and notes	18,726,500	18,658,326
Shares quoted to stock exchange (Note 26)	5,190,891	4,723,711
		<u>75,586,568</u>

(*)Investment funds and securities quoted in an active market are presented in units, government bonds and private sector bonds are presented in Turkish Liras and Eurobond is presented in foreign currency nominal value.

As at 31 June 2012, interest rates of private sector bonds and government bonds held for trading are between the rates 8.55 % and 13.11 % per annum. (31 December 2011: 3.15%-14.86%)

Eurobonds issued by private sector are denominated in US Dollar and has coupon payments. As at 31 June 2012, annual interest income from the Group’s investment in Eurobond is 9.25%. (31 December 2011: 9.25%).

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AS AT 30 JUNE 2012**

(Amounts are expressed in Turkish Lira (“TL”), unless otherwise stated)

6. FINANCIAL LIABILITIES

	30 Haziran 2012	31 Aralık 2011
Finansal Borçlar		
Short term bank loans	8,392,496	1,555,780
Short term finance lease liabilities (Not 26)	451,825	-
Short term factoring payables (Not 26)	1,739,551	235,275
Total Short Term Financial Liabilities	10,583,872	1,791,055
Long term bank loans	113,581	118,763
Long term finance lease liabilities (Not 26)	1,736,929	-
Total Long Term Financial Liabilities	1,850,510	118,763
Total	12,434,382	1,909,818

Bank and Other Borrowings:

Currency	Interest rate (%)	30 June 2012	
		Short term	Long term
Secured US Dollar	- (*)	37,861	113,581
Unsecured US Dollar	%7	444,835	-
Unsecured TL	%14.9-16.5	7,870,162	-
Unsecured EUR	%4.5	39,638	-
Leasing payables	%8.05-11.22	451,825	1,736,929
Factoring payables	%18.5-19	1,739,551	-
		10,583,872	1,850,510
31 Aralık 2011			
Currency	Interest rate (%)	Short term	Long term
Secured US Dollar	- (*)	79,175	118,763
Unsecured TL	16.00	1,476,605	-
Factoring payables	17.00	235,275	-
		1,791,055	118,763

(*)Group has an interest free borrowing taken from Technology Development Foundation of Turkey on project basis.

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6. FINANCIAL LIABILITIES (continued)

The repayment plans of bank borrowings and factoring payables are as follows:

	30 June 2012	31 December 2011
0-1 year	10,132,047	1,791,055
1-2 years	37,861	79,175
2-5 years	75,720	39,588
	<u>10,245,628</u>	<u>1,909,818</u>

Significant bank borrowings of the Group are summarized as follows:

As at 31 June 2012, short term revolving borrowings amounting TL 1,382,818 with interest rates between 12.5% and 17% have been utilized. TL 435, 000 of these loans with interest rate 15% has been utilized from Türkiye İş Bankası which is a related party for short-term financing.

The Group also has spot loan amounting to 5,537,914 TL with interest rate between 0% and 16.5% from Türkiye İş Bankası A.Ş., has used 9,726 TL of the spot loan without interest rate from (Note:26).

As at 31 June 2012, short term financial loan amounting TL 968,445 with interest rates between 16% and 16.5% have been utilized. Besides As at 25 November 2009, consumer loan amounting to TL 56,783 has been utilized. Refundment of the loan have started at 18 May 2010 and will have ended at 18 November 2012.

As of 30 June 2012 the Group has provided short term financing through the receivables amounting to TL 235,275 is factored with %19 interest rate by İş Faktoring A.Ş. (31 December 2011: TL 235,275). The other factoring loans of the Group are amounting to TL 1,504,276 with interest rate %18.5.

As at 30 June 2012, There are interest-free loan amounting USD 83,832 (TL 151,442) taken from Technology Development Foundation of Turkey on project basis. The repayments will be done semi-annually by 4 installments.

There is a letter of guarantee amounting to USD 143,972 (TL 260,085) given against for the loans of the Group as collateral (Note 13).

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6. FINANCIAL LIABILITIES (continued)

Financial lease liabilities are payable as follows: Finansal kiralama işlemlerinden borçların detayı aşağıdaki gibidir:

	30 Haziran 2012	
	Future minimum lease payments	Present value of minimum lease payments
0-1 year	561,312	451,825
1-2 years	1,420,156	1,309,622
2-5 years	452,470	427,307
Future financial expenses	(245,184)	-
Present value of lease liability	<u>2,188,754</u>	<u>2,188,754</u>
Debts payable within 12 months (presented in short term liabilities)		(451,825)
Debts payable after 12 months		<u><u>1,736,929</u></u>

The Group have bought tool set and production machines through leasing for the sector of orthopedics medical and surgical

As at contract date the interest rate related to financial lease transactions is fastened for the whole leasing period.

Average yearly effective interest rate for contracts in euro is 11.22%, for contracts in US Dollar is 8.05%.

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7. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

At the end of the reporting period, the details of trade receivables are as follows:

	30 June 2012	31 December 2011
Current trade receivables		
Trade Receivables	15,951,522	7,703,807
Due from related parties (Not 26)	4,720	69,171
Notes Receivable	2,418,260	-
Doubtful receivables	437,797	1,394,980
Provision for doubtful receivables (-)	(437,797)	(1,394,980)
	<u>18,374,502</u>	<u>7,772,978</u>

As at 30 June 2012, the amount of Group's receivables that are highly probable to collect and not due is amounting to TL 15,322,652. (31 December 2011: TL 5,651,940). Average collection maturity of the Group's receivables from IT, audio and communication systems operations is 322 days. (31 December 2011: 210 days) Average collection maturity of the Group's receivables from orthopedics and medical equipments is 150 days.

As at the end of the reporting period, TL 3,051,850 of the Group's trade receivables is overdue but not impaired (31 December 2011: TL 2,121,038). Trade receivables consist of various customers, from which the Group has not faced any collection risk recently.

Aging of trade receivables, which are overdue but not impaired, is as follows:

	30 June 2012	31 December 2011
Up to 1 month	110,042	168,639
Up to 3 months	483,193	329,908
Between 3-12 months	1,145,297	860,441
More than 12 months	1,313,318	762,050
	<u>3,051,850</u>	<u>2,121,038</u>

As at 30 June 2012, the Group has allowance for possible losses on trade receivables amounting to TL 437,797 (31 June 2011: TL 54,891). The movement of Group's allowance for doubtful receivables is as follows:

	1 January- 30 June 2012	1 January- 30 June 2011
Movements of provision for doubtful receivables		
Opening balance	(1,394,980)	(54,891)
Business combination (Note 11)	(897,169)	-
Disposal due to discontinued operations	723,009	-
Durdurulan faaliyet nedeniyle çıkış (Note 29)		
Charge for the period	(263,637)	-
Written-off receivables	1,394,980	-
Closing balance	<u>(437,797)</u>	<u>(54,891)</u>

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7. TRADE RECEIVABLES AND PAYABLES (continued)

b) Trade Payables:

As at the end of the reporting period, the details of trade payables are as follows:

	30 June 2012	31 December 2011
<u>Short Term Trade Payables</u>		
Trade payables	7,129,112	462,148
Notes payable	2,904,849	199,100
Due to related parties (Note 26)	1,680	2,472
	<u>10,035,641</u>	<u>663,720</u>
	30 June 2012	31 December 2011
<u>Long Term Trade Payables</u>		
Notes payable	118,475	82,554
	<u>118,475</u>	<u>82,554</u>

8. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables:

	30 June 2012	31 December 2011
<u>Other Short Term Receivables</u>		
Deposits and guarantees given	187,274	-
Other receivables	125,523	913
	<u>312,797</u>	<u>913</u>
	30 June 2012	31 December 2011
<u>Other Long Term Receivables</u>		
Deposits and guarantees given	25,198	26,853
	<u>25,198</u>	<u>26,853</u>

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8. OTHER RECEIVABLES AND PAYABLES (continued)

b) Other Payables:

	30 June 2012	31 December 2011
Other Short Term Payables		
Taxes and funds payable	308,125	348,191
Social security contributions	289,758	61,082
Other miscellaneous payables	56,278	13,617
	<u>654,161</u>	<u>422,890</u>
	30 June 2012	31 December 2011
Other Long Term Payables		
Other payables (*)	<u>40,747</u>	<u>-</u>

(*) Other payables are comprised of the long term debts arising from the restructured tax debts in accordance with law numbered 6111.

9. INVENTORIES

	30 June 2012	31 December 2011
Trading goods	5,673,958	260,478
Raw materials and supplies	761,869	-
Semi-finished goods	4,880,107	-
Finished goods	1,133,150	-
Provision for impairment of inventories	(292,193)	-
	<u>12,156,891</u>	<u>260,478</u>
	30 June 2012	30 June 2011
Movements of allowance for impairment of inventories		
Opening balance	-	-
Business combination (Not 11)	(123,831)	-
Charge for the period	(249,526)	-
Disposal due to discontinued operations (Not 29)	81,164	-
Closing balance	<u>(292,193)</u>	<u>-</u>

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10. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

As at 31 December 2012, the details of the Group’s associates are as follows:

Associates	Shareholding interest (%)		Voting Power	Main Business Area
	30 June 2012	31 December 2011		
Ode(**)	-	17.24	(*)	Production
Ortopro(***)	-	31.00	(*)	Production/Service
Türkmed	25.78	25.78	(*)	Service
Havaş	6.67	6.67	(*)	Service
Aras Kargo	20.00	20.00	(*)	Service

(*) Voting power is disclosed in Section 2 in Note 2.1.

(**) As of 26 March 2012 the Group has sold all shares owned in ODE to Ode İzolasyon Sanayi Satış ve Pazarlama A.Ş. amounting to USD 10,500,000 (TL 18,813,900). The Group has obtained profit from the sale amounting to TL 13,217,194

(***) Explained detailly in Note 11.

Summary financial information of the Group’s associates is as follows:

	30 June 2012	31 December 2011
Total assets	940,441,402	1,044,553,858
Total liabilities	(590,938,087)	(678,687,892)
Net assets	349,503,315	365,865,966
Group’s share in associates’ net assets	25,113,652	26,861,048
Goodwill in equity accounted investees	20,818,756	24,274,334
Investments in equity accounted investees	45,932,408	51,135,382

	1 January-30 June 2012	1 April-30 June 2012	1 January-30 June 2011	1 April-30 June 2011
Revenue	525,144,129	286,132,684	285,708,891	99,767,353
Profit for the period	29,563,556	38,759,730	(1,745,059)	6,517,323
Group’s share of profit /(loss) of associates	3,976,649	6,470,992	(4,508,555)	(2,704,485)

Associates	Goodwill	
	30 June 2012	31 December 2011
Türkmed	1,616,818	1,616,818
Ortopro (*)	-	3,455,578
Aras Kargo	19,201,938	19,201,938
	20,818,756	24,274,334

(*)Explained detailly in Note 11.

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10. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES (continued)

Group has calculated recoverable amount by using discounted cash flow method and average value received with multiplier obtained by division of the value of companies that have similar business activities to net sales or to net profit before tax interest and amortization. Group annually assesses to determine whether goodwill is impaired or not at the year ends.

11. GOODWILL

As of 5 March 2012 Erol Frik has become shareholder with holding %20 of the shares through transferring USD 4,5 million to Ortopro through capital increase by limiting existing shareholders' stock warrant. Simultaneous with capital increase, İş Girişim has purchased bonus share at the rate of %6.5 from Tolga Yalçınkaya, shareholder of Ortopro, and İş Girişim's owned shares in Ortopro have been maintained at the rate of %32.5. İş Girişim's claim of appointment for Board of Director increased from 1 to 2 and İş Girişim has started to control more than half of the shares owned by Group B through capital increase. Therefore as of 30 June 2012, Ortopro has been included in financial statement as one of the associations and equity accounted investee of the Group for previous period and non-controlling interests are disclosed for consolidated equity of participations. Transaction of obtaining control is recognised in accordance with IFRS 3 “Business Combinations”

According to ‘IFRS 3: Business Combination’, the Company obtained a valuation report for the purpose of measuring the fair value of Ortopro's identifiable assets and liabilities and determining fair value of the equity interest from an independent valuation company as of controlling obtained. The valuation report has prepared through considering audited financial statements as of 31 December 2011 due to effect of the operations are located at insignificant level between the time when the controlling interest of Ortopro is obtained and 31 December 2011.

Hence, as of the time when the controlling interest is obtained by the Group, fair value of the previously obtained equity interest is calculated. The difference between fair value and carrying value of the shares of the participation amounting to TL 6,516,626 is recognised as revenue arising from business combination in “Other Operating Income” in the statement of comprehensive income and the difference between fair value of the net assets of Ortopro and fair value of the equity interest amounting to TL 9,206,499 is recognized as goodwill. Distribution network and licences arising from acquisition are recognised at fair value determined by independent valuation experts.

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11. GOODWILL (continued)

As of controlling interest obtained, fair value of the identifiable assets and liabilities are presented as follows:

	31 December 2011	
<u>Ortopro</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Cash and cash equivalents	1,675,829	1,675,829
Trade and other receivables	27,051,998	27,051,998
Inventories	12,420,333	12,420,333
Other assets	2,503,410	2,503,410
Deferred tax asset	1,217,969	643,369
Property and equipment	5,968,051	5,968,051
Intangible assets	243,284	3,116,284
Financial liabilities	(21,193,465)	(21,193,465)
Trade payables	(26,921,832)	(26,921,832)
Other liabilities	(1,725,538)	(1,725,538)
Total net assets	1,240,039	3,538,439
Fair value of equity interest		10,356,492
Non-controlling interests		2,388,446
Total of net identifiable assets		(3,538,439)
Goodwill		9,206,499
Fair value of equity interest		10,356,492
As of 31 December 2011 carrying value of Ortopro		(3,839,866)
Income from business combination (Note 21)		6,516,626

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12. PROPERTY AND EQUIPMENT

	Machinery and <u>Equipment</u>	<u>Vehicles</u>	Furniture and <u>Fixtures</u>	Leasehold <u>Improveme</u>	<u>Other</u>	Construction in <u>Progress</u>	<u>Total</u>
<u>Cost</u>							
Opening balances at 1 January 2012	421,292	-	527,554	446,560	-	-	1,395,406
Business combination (Note 11)	208,900	352,381	9,639,114	642,743	281,898	202,994	11,328,030
Disposal due to discontinued operations (Note 29)	(8,595)	(132,575)	(2,981,878)	(96,782)	(73,255)	-	(3,293,085)
Additions	48,859	119,680	186,727	627,453	-	-	982,719
Disposal/Sales	-	(199,962)	(205,215)	(28,146)	-	(202,994)	(636,317)
Closing balances at 30 June 2012	670,456	139,524	7,166,302	1,591,828	208,643	-	9,776,753
<u>Accumulated Depreciation</u>							
Opening balances at 1 January 2012	(321,411)	-	(447,084)	(438,513)	-	-	(1,207,008)
Business combination (Note 11)	(84,743)	(98,501)	(4,465,322)	(418,851)	(281,703)	-	(5,349,120)
Disposal due to discontinued operations (Note 29)	8,595	39,322	2,086,191	78,921	73,257	-	2,286,286
Charge for the period	(71,360)	(73,545)	(425,932)	(93,633)	(26)	-	(664,496)
Disposal/Sales	-	61,708	176,225	18,702	-	-	256,635
Closing balances at 30 June 2012	(468,919)	(71,016)	(3,075,922)	(853,374)	(208,472)	-	(4,677,703)
3 Net carrying value at 30 June 2012	201,537	68,508	4,090,380	738,454	171	-	5,099,050
Net carrying value at 1 January 2012	99,881	-	80,470	4,562	-	-	184,913

Total current period depreciation expenses amounting to TL 209,826 is included in cost of sales, TL 203,166 is included in marketing, sales and distribution expenses, TL 121,161 is included administrative expenses (30 June 2011: TL 51,660). Amount of current period depreciation expense related to discontinued operations is TL 130,343.

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12. PROPERTY AND EQUIPMENT (continued)

	<u>Machinery and Equipment</u>	<u>Furniture and Fixtures</u>	<u>Leasehold Improvement</u>	<u>Total</u>
<u>Cost</u>				
Opening balances at 1 January 2011	346,785	464,106	446,560	1,257,451
Additions	53,465	59,652	-	113,117
Disposals	(2,172)	-	-	(2,172)
Closing balances at 30 June 2011	<u>398,078</u>	<u>523,758</u>	<u>446,560</u>	<u>1,368,396</u>
<u>Accumulated Depreciation</u>				
Opening balances at 1 January 2011	(269,198)	(415,848)	(438,514)	(1,123,560)
Charge for the period	(32,408)	(17,529)	(1,723)	(51,660)
Disposals	2,172	-	-	2,172
Closing balances at 30 June 2011	<u>(299,434)</u>	<u>(433,377)</u>	<u>(440,237)</u>	<u>(1,173,048)</u>
Net carrying value at 30 June 2011	<u>98,644</u>	<u>90,381</u>	<u>6,323</u>	<u>195,348</u>
Net carrying value at 1 January 2011	<u>77,587</u>	<u>48,258</u>	<u>8,046</u>	<u>133,891</u>

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13. INTANGIBLE ASSETS

Cost	Capitalized development expenses	Distribution network and licences	Rights	Other	Total
Opening balances at 1 January 2012	2,503,665	-	-	161,494	2,665,159
Business combination (Note 11)	-	2,873,000	187,175	276,095	3,336,270
Disposal due to discontinued operations (Note 29)	-	-	(173,702)	(176,480)	(350,182)
Closing balances at 30 June 2012	2,503,665	2,873,000	13,473	261,109	5,651,247
Accumulated Amortization					
Opening balances at 1 January 2012	(2,478,197)	-	-	(144,809)	(2,623,006)
Business combination (Note 11)	-	(287,300)	(101,447)	(129,398)	(518,145)
Disposal due to discontinued operations (Note 29)	-	-	99,966	122,668	222,634
Charge for the year	(25,468)	-	(5,649)	(38,088)	(69,205)
Closing balances at 30 June 2012	(2,503,665)	(287,300)	(7,130)	(189,627)	(2,987,722)
Net carrying value at 30 June 2012	-	2,585,700	6,343	71,482	2,663,525
Net carrying value at 1 January 2012	25,468	-	-	16,685	42,153

Total current year depreciation expenses amounting to TL 25,468 is included in research and development expenses (30 June 2011: TL 87,158) and TL 26,228 is included in administration expenses (30 June 2011: TL 8,400). Depreciation expense amounting to TL 17,509 is related to discontinued operation.

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13. INTANGIBLE ASSETS (continued)

<u>Cost</u>	<u>Capitalized development expenses</u>	<u>Software</u>	<u>Total</u>
Opening balances at 1 January 2011	2,503,665	147,431	2,651,096
Additions	-	19,264	19,264
Closing balances at 30 June 2011	<u>2,503,665</u>	<u>166,695</u>	<u>2,670,360</u>
<u>Accumulated Amortization</u>			
Opening balances at 1 January 2011	(2,393,002)	(134,204)	(2,527,206)
Charge for the year	<u>(87,158)</u>	<u>(8,400)</u>	<u>(95,558)</u>
Closing balances at 30 June 2011	<u>(2,480,160)</u>	<u>(142,604)</u>	<u>(2,622,764)</u>
Net carrying value at 30 June 2011	<u>23,505</u>	<u>24,091</u>	<u>47,596</u>
Net carrying value at 1 January 2012	<u>110,663</u>	<u>13,227</u>	<u>123,890</u>

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14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Collateral / Pledge / Mortgage ("CPM")

As of 30 June 2012 and 31 December 2011 the Group's collateral, pledge and mortgage (CPM) position is disclosed in the following chart:

	30 June 2012			31 December 2011		
	Total TL Equivalent	Original Amount		Total Equivalent	Original Amount	
		TL Amount	USD Amount		TL Amount	USD Amount
A. CPM given for companies own legal personality (*)	680,454	10,000	371,134	395,283	10,000	203,972
B. CPM given in behalf of fully consolidated companies	-	-	-	-	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-	-	-	-	-
D. Total amount of other CPM's	-	-	-	-	-	-
i. Total amount of CPM's given on behalf of majority shareholder	-	-	-	-	-	-
ii. Total amount of CPM's given on behalf of other Group companies which are not in scope of B and C (**)	22,483,031	22,483,031	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-	-	-
Total	23,163,485	22,493,031	371,134	395,283	10,000	203,972

As of 30 June 2012 the ratio of other TRİ given from Group to Group's equity is 0 % (31 December 2011: 0 %)

(*) As at 30 June 2012, TL 260,085 comprise of letter of guarantee given as collateral against the borrowed funds from Türkiye Teknoloji Geliştirme Vakfı for project financing.

(**) As of 30 June 2012, TL 22,483,031 is comprised of warrant given by the Group for Orsem.

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15. EMPLOYEE BENEFITS

	30 June 2012	31 December 2011
Short term		
Employee salaries payable	632,832	167,643
Vacation pay liability		354,269
Provision for employee bonuses		653,739
	<u>1,740,114</u>	<u>1,175,651</u>
Long term		
Reserve for employee severance payments	317,382	87,413
Provision for employee bonuses	211,806	423,613
	<u>529,188</u>	<u>511,026</u>

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each employee whose employment is terminated by gaining the right to receive the termination benefits. In addition, based on the amended 60th article of the current Social Insurance Law’s numbered 506 together with amendments dated 6 March 1981, numbered 2422, dated 25 August 1999 and numbered 4447, the Group is obliged to pay termination benefits to the employees who are quitted by gaining right to receive their termination benefits. Some provisions for the pre-retirement service conditions are abolished from the law with amendment on 23 May 2002. The reserve for severance pay liability as at 30 June 2012 is based on the monthly ceiling amounting to TL 2,917.27 (31 December 2011: TL 2,731.85)

The reserve has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. TAS 19 (“Employee Benefits”) requires actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. Accordingly, the actuarial assumptions explained in the following paragraph were used in the calculation of the total liability.

The principal assumption is that the maximum liability for each year of service will increase parallel to the change in inflation. Consequently, in the accompanying consolidated financial statements as at 30 June 2012, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the end of the reporting period is calculated assuming an annual inflation rate of 5.1% and a discount rate of 11%, resulting in a net discount rate of approximately 5.61% (31 December 2011: 4.66% net discount rate is calculated assuming an annual inflation rate of 5% and a discount rate of 8.76%). The probability of voluntarily leaves is also considered in the calculation.

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15. EMPLOYEE BENEFITS (continued)The movement of reserve for employee severance payments:

	1 January- 30 June 2012	1 January- 30 June 2011
Provision as at 1 January	87,413	81,721
Business combination (Note 11)	187,614	-
Disposal due to discontinued operations (Not 29)	(8,160)	-
Cost of services	49,499	15,540
Interest cost	12,557	8,890
Paid severance indemnity	(85,774)	(5,214)
Actuarial difference (*)	74,233	(15,554)
Provision as at 30 June	317,382	85,383

(*) The Group has recognised actuarial differences in profit/(loss) for the period.

The movement of provision for employee bonuses:

	1 January- 30 June 2012	1 January- 30 June 2011
Provision as at 1 January	1,077,352	320,064
Charge for the period	180,565	-
Employee bonuses paid	(484,021)	(320,064)
Provision as at 30 June	773,896	-

The movement of vacation pay liability:

	1 January- 30 June 2012	1 January- 30 June 2011
Provision as at 1 January	354,269	277,074
Business combination (Note 11)	118,876	-
Disposal due to discontinued operations (Note 29)	(27,525)	-
Vacation pay liability paid	(15,398)	-
Charge for the period	114,970	50,289
Provision as at 31 December	545,192	327,363

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16. OTHER ASSETS AND LIABILITIES

	30 June 2012	31 December 2011
Other Current Assets		
VAT receivables	2,323,603	329,040
Prepaid taxes and funds	392,350	301,992
Job advances	120,476	247,762
Advances given for inventories	685,811	222,557
Prepaid expenses	212,860	139,357
Accrued income	904,277	-
	<u>4,639,377</u>	<u>1,240,708</u>
Other Non-current Assets		
Long term prepaid expenses	<u>39,155</u>	<u>-</u>
Other Short Term Liabilities		
Accrued expenses	119,352	66,910
Advances received	1,062,871	28,098
Other payables and liabilities	135,849	-
	<u>1,318,072</u>	<u>95,008</u>

17. CAPITAL AND RESERVES**a) Share Capital**

As at 30 June 2012 and 31 December 2011 the Company’s share capital structure is as follows:

Shareholders	Group	%	30 June 2012	%	31 December 2011
İş Yatırım Menkul Değerler A,Ş,	A	8.9	5,152,000	8.9	4,480,000
İş Yatırım Menkul Değerler A,Ş,	B	20.1	11,660,337	20.1	10,139,423
Türkiye Teknoloji Geliştirme Vakfı	B	11.1	6,440,000	11.1	5,600,000
Türkiye Sınai Kalkınma Bankası A,Ş,	B	16.7	9,660,000	16.7	8,400,000
Other	B	12	6,955,200	12	6,048,000
Publicly held	B	31.2	18,092,463	31.2	15,732,577
Nominal capital		100	57,960,000	100	50,400,000

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17. CAPITAL AND RESERVES (continued)

a) Shared capital (continued)

As at 30 June 2012 the Company's share capital consists of 5.796.000.000 unit shares (31 December 2011: 5.040.000.000 shares). The par value of each share is TL 0.01 (31 December 2011: TL 0.01 per share). The Company has distributed bonus shares amounting to TL 7,560,000 in accordance with general assembly resolution dated 7 May 2012.

The nominal share capital of the Company amounting to TL 57,960,000 comprised of Group A and Group B shares, amounting to TL 5,152,000 and TL 52,808,000, respectively. Group A shareholders have the privilege during the BOD election to nominate 6 members of the total 10 members. In addition, one of the members of the Board representing Group B, is elected among the candidates nominated by Türkiye Teknoloji Geliştirme Vakfı unless their share in issued capital is below TL 2,000,000.

During the capital increase, in exchange for Group A shares Group A, in exchange for Group B shares Group B shares is issued. During the capital increase through the restriction of pre-emption rights, only the Group B shares can be issued.

No preferred shares can be issued, except for the preferred shares giving the right to suggest candidate while electing the two thirds of the BOD members or giving dividend right. The fractional number is rounded when calculating the two thirds of the BOD members. After going to public, no preferences can be created including the preference to suggest candidate to the BOD membership and preference for taking dividend.

b) Inflation Adjustment to Share Capital

As at 31 June 2012, the Company has inflation adjustment to share capital amounting TL 21,606,400 arising from the inflation accounting application until 31 December 2004 (31 December 2011: TL 21,606,400).

c) Share Premium

Excess amount of selling price and nominal value for each share was recorded as share premium in equity.

d) Revaluation surplus

The revaluation surplus comprises the cumulative net change in the fair value of non-current assets that are not recognized in profit or loss.

e) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged forecast transaction that have not yet occurred.

f) Other Reserves

Other reserves comprise of profits or losses from sale of subsidiary shares without a change in control.

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17. CAPITAL AND RESERVES (continued)

g) Legal reserves

In accordance with Turkish Commercial Code, legal reserves consist of first and second legal reserves. First legal reserves are generated by annual appropriations amounting to 5% of income disclosed in the Company's statutory accounts until it reaches 20% of historical based paid-in share capital (not adjusted for the effects of inflation). Second legal reserve is generated by 10% over the total of cash dividend distribution after the first legal reserves and dividend distributions. The Group has performed transfer to legal reserves amounting to TL 2,717,989 in 2012.

h) Retained Earnings

As at 30 June 2012 the Group has retained earnings amounting to TL 62,796,285 (31 December 2011: TL 43,651,570).

h) Geçmiş Yıllar Karları (devamı)

Dividend distribution:

Publicly held companies distribute dividends based on the Capital Market Board ("CMB") regulations explained below:

According to CMB's decision on 27 January 2010 numbered 02/51, corporations traded on the stock exchange market are not obliged to distribute a specified amount of dividends derived from the profits of 2009. For corporations that will distribute dividends, in relation to the resolutions in their general assembly meeting the dividends may be in cash, may be free by adding the profit into equity, or may be partially from both, it is also permitted not to distribute determined first party dividends falling below 5 percent of the paid-in capital of the company but, corporations that increased capital before distributing the previous year's dividends and as a result their shares are separated as "old" and "new" are obliged to distribute 1st party dividends in cash.

In accordance with the resolution dated May 7, 2012 in General Assembly of the Group, total of TL 20,160,000 have been decided to be distributed as TL 12,600,000 in cash and through accruing dividend to capital amounting to TL 7,560,000 bonus share distribution has been performed. The distribution in cash has started on May 11, 2012, completed on May 15, 2012. (31 December 2011: TL 7,540,000 dividend in cash)

i) Translation Reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations to TL.

j) Non-controlling Interests

Shares of net assets of the subsidiary that are directly or indirectly not under control of the Equity holders of the Company is classified as "non-controlling interests" in the statement of financial position.

As at 30 June 2012 the Group's non-controlling interests in equity is amounting to TL 13,038,966 (31 December 2011: TL 1,129,279). As of 30 June 2012 shares of net profit of the subsidiary that are directly or indirectly not under control of the owners of the Company amounting to TL 1,955,472 has been classified as "non-controlling interests" in the consolidated statement of comprehensive income (30 June 2011: TL 121,878).

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18. SALES AND COST OF SALES

	1 January- 30 June 2012	1 April- 30 June 2012	1 January- 30 June 2011	1 April- 30 June 2011
a) Sales				
Domestic sales	24,194,111	-	40,097	21,646
Sale of investments in equity accounted investees (*)	18,813,900	-	-	-
Other	5,380,211	-	40,097	21,646
Foreign sales	6,731,595	3,984,948	4,817,839	3,187,033
Other	6,731,595	3,984,948	4,817,839	3,187,033
Other sales income	489,167	267,181	456,358	238,728
Sales returns (-)	(263,410)	(171,115)	(13,966)	(13,966)
Sales reductions (-)	-	-	(18,236)	(16,042)
	<u>31,151,463</u>	<u>4,081,014</u>	<u>5,282,092</u>	<u>3,417,399</u>

	1 January- 30 June 2012	1 April- 30 June 2012	1 January- 30 June 2011	1 April- 30 June 2011
b) Cost of sales				
Cost of investments in equity accounted investees (*)	(5,596,706)	-	-	-
Cost of goods sold	(2,621,531)	(586,977)	(452,392)	(267,203)
Cost of merchandise sold	(2,349,034)	519,389	-	-
Personnel expenses	(872,089)	(466,124)	(623,829)	(287,043)
Travelling expenses	(169,977)	(82,527)	(121,038)	(66,208)
Communication expenses	(78,860)	(39,807)	(75,296)	(41,655)
Rent expenses	(42,780)	(21,219)	(40,159)	(20,496)
Other expenses	(236,446)	(225,932)	(27,044)	(11,179)
	<u>(11,967,423)</u>	<u>(903,197)</u>	<u>(1,339,758)</u>	<u>(693,784)</u>

(*)The Group sold all shares owned in Ode amounting to TL 5,596,706 to Ode İzolasyon Sanayi Satış ve Pazarlama A.Ş. for TL 18,813,900 (USD 10,500,000). The transaction is obtained as gross profit amounting to TL 13,217,194.

19. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING SALES AND DISTRIBUTION EXPENSES AND ADMINISTRATIVE EXPENSES

	1 January- 30 June 2012	1 April- 30 June 2012	1 January- 30 June 2011	1 April- 30 June 2011
Research and development expenses	(1,536,621)	(807,048)	(1,220,186)	(614,733)
Marketing, sales and distribution expenses	(2,198,414)	(561,559)	(767,043)	(393,508)
Administrative expenses	(7,006,295)	(3,111,579)	(3,548,488)	(1,819,772)
	<u>(10,741,330)</u>	<u>(4,480,186)</u>	<u>(5,535,717)</u>	<u>(2,828,013)</u>

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20. EXPENSES BY NATURE

	1 January- 30 June 2012	1 April- 30 June 2012	1 January- 30 June 2011	1 April- 30 June 2011
a) The details of research and development expenses				
Personnel expenses	(1,329,106)	(711,842)	(996,068)	(508,888)
Traveling expenses	(115,252)	(57,770)	(97,414)	(61,017)
Amortization expenses	(25,468)	-	(87,158)	(21,856)
Other expenses	(66,795)	(37,436)	(39,546)	(22,972)
	<u>(1,536,621)</u>	<u>(807,048)</u>	<u>(1,220,186)</u>	<u>(614,733)</u>
b) The details of marketing, sales and distribution expenses				
Personnel expenses	(1,059,824)	(365,753)	(566,936)	(287,942)
Depreciation and amortization expenses	(203,166)	65,546	-	-
Advertising and marketing expenses	(151,295)	(3,044)	(9,009)	(9,009)
Traveling expenses	(218,493)	(117,839)	(186,873)	(92,332)
Other expenses	(565,636)	(140,469)	(4,225)	(4,225)
	<u>(2,198,414)</u>	<u>(561,559)</u>	<u>(767,043)</u>	<u>(393,508)</u>
c) The details of administrative expenses				
Personnel expenses	(3,142,959)	(1,000,556)	(1,879,174)	(849,662)
Audit and consultancy expenses	(819,064)	(511,854)	(328,752)	(209,257)
Outsourced benefits and services	(170,178)	(32,551)	(200,942)	(91,834)
Salaries of board of directors	(244,000)	(106,000)	(230,400)	(126,600)
Rent expenses	(433,334)	(235,721)	(116,299)	(71,683)
Hosting and travel expenses	(220,791)	(181,210)	(192,110)	(142,713)
Depreciation and amortization expenses	(434,689)	(329,684)	(60,060)	(36,851)
Increase in severance liability	(136,289)	(126,264)	(8,876)	(7,580)
Other expenses	(1,404,991)	(587,739)	(531,875)	(283,592)
	<u>(7,006,295)</u>	<u>(3,111,579)</u>	<u>(3,548,488)</u>	<u>(1,819,772)</u>

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21. OTHER OPERATING INCOME / EXPENSES

The details of other operating income and expenses for the period ended 30 June 2012 are as follows:

	1 January- 30 June 2012	1 April- 30 June 2012	1 January- 30 June 2011	1 April- 30 June 2011
Other Operating Income				
Business combination (Note 11)	6,516,626	6,516,626	-	-
Collections	-	-	30,286	30,286
Other	296,914	135,637	21,598	15,224
	<u>6,813,540</u>	<u>6,652,263</u>	<u>51,884</u>	<u>45,510</u>
Other Operating Expense				
Expenses related to written-off receivables	(521,863)	(267,563)	(235,982)	(183,940)
Bad debt allowance	(240,535)	(240,535)	-	-
Other	(52,631)	4,787	(24,404)	-
	<u>(815,029)</u>	<u>(503,311)</u>	<u>(260,386)</u>	<u>(183,940)</u>

22. FINANCE INCOME

	1 January- 30 June 2012	1 April- 30 June 2012	1 January- 30 June 2011	1 April- 30 June 2011
Financial assets value increase	1,631,315	(938,086)	573,689	234,220
Interest income on:	3,910,403	2,457,578	1,219,660	516,461
Bank deposit	2,195,936	1,397,248	529,625	313,128
Reverse repurchase agreements	314,446	303,729	4,751	4,649
Financial assets designated at fair value through profit and loss	1,400,021	756,601	685,284	198,684
Dividend income	830,542	830,542	830,542	-
Foreign exchange gain	2,627,076	550,192	1,296,344	916,806
Trading income	2,831,110	1,796,674	108,197	100,477
Income accruals	112,243	(129,598)	223,906	138,287
Other	127,309	127,309	-	-
	<u>12,069,998</u>	<u>4,694,611</u>	<u>4,252,338</u>	<u>1,906,251</u>

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23. FINANCE COSTS

	1 January- 30 June 2012	1 April- 30 June 2012	1 January- 30 June 2011	1 April- 30 June 2011
Impairment on investment securities	(166,249)	(78,667)	(1,658,195)	(674,999)
Foreign exchange losses	(2,716,721)	(746,197)	(517,401)	(253,149)
Loss from sale of securities	(28,418)	(28,418)	(192,470)	(14,031)
Interest expenses on bank loans	(1,078,121)	(96,534)	(74,990)	(48,702)
Accrued interest expenses	(639,419)	(430,703)	(83,274)	63,283
Commission expenses	0	-	(792)	(792)
Other	(167,505)	(167,505)	-	-
	<u>(4,796,433)</u>	<u>(1,548,024)</u>	<u>(2,527,122)</u>	<u>(928,390)</u>

For the period ended 30 June 2012 and 31 June 2011, the finance income/costs recognized in other comprehensive income are as follows:

	1 January- 30 June 2012	1 April- 30 June 2012	1 January- 30 June 2011	1 April- 30 June 2011
Change in translation reserve	1,296,172	(1,431,827)	(652,787)	(349,052)
Change in Fair Value of financial asset	-	-	(7,212)	(4,995)
Change in cash flow hedging reserve	(58,903)	(44,279)	98,839	(63,864)
Tax income/expense on other comprehensive income	11,781	8,859	(19,768)	12,773
	<u>1,249,050</u>	<u>(1,467,247)</u>	<u>(580,928)</u>	<u>(405,138)</u>

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24. TAX ASSETS AND LIABILITIES

İş Girişim Sermayesi Yatırım Ortaklığı AŞ is exempt from corporate taxes in accordance with 5th/d-3 article of Corporate Tax Law. In addition, income from venture capital activities is not subject to advance corporate tax.

With 3 sub paragraph of 15th article of Corporate Tax Law and with the decree of the Council of Ministers, the income arises from venture capital investment company will be subject to 0% withholding tax.

The Company's subsidiary, Nevotek, is an income and corporate taxpayer in Turkey. However, according to Law No. 5035 and temporary 2. article of Law No. 4691 of the Technology Development Zones, income and corporate taxpayers who are operating in Technology Development Zone, and software R & D activities in this area exclusively derived from the earnings are exempt from income and corporation tax until 31 December 2023. In addition, Researchers workers, software engineers and R&D personnel costs related with their activities in this area are exempt from all taxes until 31 December 2023.

Since there is no estimated tax liability, for Nevotek, the subsidiary of the Company, due to the other operating activities except from current period R&D and software was not allocated in the accompanying financial statements.

Corporate tax rate that accrued on taxable corporate income is calculated on remaining base after the addition of expenditures in the determination of profit that cannot be deducted from the tax base, deducting domestic dividends received from resident companies and investment incentives not subject to tax and investment income.

In Turkey, advance corporate tax returns are calculated as quarterly and accrued. Tax Losses, can be carried forward up to five years in order to be deducted from possible future taxable income. Tax losses cannot be deducted retrospectively from the profits of the previous' years

In Turkey, there is no accurate and definite agreement procedure on tax assessment. Companies prepare their corporate tax return between 1-25 April subsequent to the closing of the related year. It is possible to examine the historical five years' records of the corporate tax return and can be changed by the tax office.

Ortopro as a subsidiary of the Group has income arising from Ege Serbest Bölge Branch located in Gaziemir / İzmir exempted from income and corporation tax in accordance with Free Zone Law No. 3218.

Withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% between the dates 24 April 2003 and 23 July 2006. This rate was changed with the decision of Council of Ministers to 15% effective from 23 July 2006. Undistributed dividends added into the share capital are not subject to income withholding taxes.

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24. TAX ASSETS AND LIABILITIES (continued)

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for CMB purposes and financial statements prepared in accordance with the tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with CMB and tax legislation. The tax rate applied in the calculation of deferred tax assets and liabilities is 20% (31 December 2011: 20%).

As the entities cannot declare consolidated corporate tax, deferred tax assets of subsidiaries cannot be offset with deferred tax liabilities of other subsidiaries and presented separately.

	30 June 2012	31 December 2011
Deferred tax (assets)/liabilities:		
Severance pay liability	(7,742)	(8,239)
Accrual	(18,260)	(51,967)
Vacation pay liability	(28,879)	(21,140)
Differences in depreciation of tangible and intangible assets	(1,102)	10,457
Bad debt allowance	(48,107)	(268,018)
Other	(161)	(24,058)
Unrecognized tax asset (net)	<u>(104,251)</u>	<u>(362,965)</u>

Deferred tax assets is not recognized in the accompanying consolidated financial statements, since Nevotek’s income from software and R&D operations is exempt from corporate tax until 31 December 2023 in accordance with Turkish Law numbered as 5035 and Research and Technological Development Law numbered as 4691’s 2nd article.

	30 June 2012
Deferred tax (assets)/liabilities:	
Differences in depreciation of tangible and intangible assets	147,644
Income accrual	45,285
Bad debt allowance	(5,550)
Vacation pay liability	(21,768)
Severance pay liability	(43,960)
Expense accrual	(171,914)
Allowance for impairment on inventories	(424,212)
Current period losses	(777,482)
Other	(4,767)
Deferred tax asset (net)	<u>(1,256,724)</u>

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24. TAX ASSETS AND LIABILITIES (continued)

Deferred Tax (continued)

<u>Tax expense / (income) is as follows:</u>	1 January- 30 June 2012
Tax expense/ (asset):	
Current tax (income) /expense	-
Deferred tax (asset) /liability	(619,854)
	<u>(619,854)</u>
	1 January- 30 June 2012
<u>Continuing operations</u>	
Current tax expense	-
Deferred tax asset	(358,498)
	<u>(358,498)</u>
	1 January- 30 June 2012
<u>Discontinued operations</u>	
Current tax expense	-
Deferred tax asset (Note 29)	(261,356)
	<u>(261,356)</u>

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24. TAX ASSETS AND LIABILITIES (continued)

As of 30 June 2012 movement of tax asset is as follows:

	1 January - 30 June 2012
<u>Movement of deferred tax (asset) /liability:</u>	
Opening balance as at 1 January	-
Business combination (Note 11)	(1,290,717)
Deferred tax asset	(619,854)
Disposal due to discontinued operations (Note 29)	653,847
Closing balance as at 30 June	<u>(1,256,724)</u>

Reconciliation between tax income and profit for the period is as follows:

	1 January - 30 June 2012
<u>Reconciliation of tax provision:</u>	
Profit from continuing operations	26,049,931
Profit from discontinued operations	3,941,129
Pre-tax profit from operations	<u>29,991,060</u>
Income tax rate 20%	5,998,212
Tax effect:	
- non-taxable income	(5,382,462)
- non-taxable free zone income	(214,513)
- non-deductable expenses	11,806
- non-taxable discontinued operations effect of sale profit	(1,019,978)
- other	(12,919)
Total tax income	<u>(619,854)</u>

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. and ITS SUBSIDIARY**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(Amounts are expressed in Turkish Lira (“TL”), unless otherwise stated)

25. EARNING PER SHARE

	1 January- 30 June 2012	1 January- 30 June 2011
Earning per share		
Weighted average number of shares available during the period (full amount) (*)	57.960.000	57.960.000
Total	<u>57.960.000</u>	<u>57.960.000</u>
Net profit/(loss) owned by shareholders of the parent	<u>28,228,916</u>	<u>(3,731,351)</u>
Basic and diluted earnings per share (TL 1 nominal value)	<u>0.487041</u>	<u>(0.064378)</u>
Earning per share-Continious Operations		
	1 January - 30 June 2012	1 January - 30 June 2011
Average number of common stock for the period (full amount) (*)	57.960.000	57.960.000
Total	<u>57.960.000</u>	<u>57.960.000</u>
Net profit/(loss) owned by shareholders of the parent	<u>26,863,108</u>	<u>(4,717,604)</u>
Basic and diluted earnings per share (TL 1 nominal value)	<u>0.463477</u>	<u>(0.081394)</u>

(*) Increase in capital arising have been performed through internal resources and increase in number of shares is used in calculation of previous year earning per share.

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26. RELATED PARTIES

The Company’s ultimate shareholder is Türkiye İş Bankası A.Ş.

Since the transactions made between the Company and its subsidiary is eliminated during consolidation, they are not disclosed in this note.

Trade receivables from related parties generally stem from sales transactions and their maturities are approximately 2 months. Receivables are unsecured by their nature and free of interest.

Trade payables to related parties generally stem from purchase operations and their approximate maturities are 2 months. Payables are free of interest.

Key management compensation:

Benefits provided to key management during the year is as follows:

	1 January- 30 June 2012	1 April- 30 June 2012	1 January- 30 June 2011	1 April- 30 June 2011
Wages and other benefits	2,517,874	1,170,417	1,646,472	736,953
	<u>2,517,874</u>	<u>1,170,417</u>	<u>1,646,472</u>	<u>736,953</u>

Key management compensation includes wage, bonus, insurance and some benefits.

The details of the transactions between the Group and other related parties are as follows:

Investment fund	30 June 2012	31 December 2011
İş Yatırım Menkul Değerler AŞ A Tipi Fon	3,163,574	2,636,239
İş Yatırım Menkul Değerler AŞ Libera Avantaj B Tipi Değişken Fon	1,547,216	-
İş Yatırım Menkul Değerler AŞ Arbitraj Serbest Fon	596,717	22,690,538
İş Yatırım Menkul Değerler AŞ B Tipi Değişken Fon	346,526	15,420,379
İş Yatırım Menkul Değerler AŞ Ashmore A Tipi Fon	170,836	-
İş Yatırım Menkul Değerler AŞ Ark Serbest Fon	592,750	-
Türkiye İş Bankası AŞ Anapara Korumalı 22. Alt Fon	-	785,625
	<u>6,417,619</u>	<u>41,532,781</u>

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26. RELATED PARTIES (continued)

	30 June 2012	31 December 2011
Private Sector Bonds		
T. İş Bankası AŞ	967,030	3,570,783
İş Finansal Kiralama AŞ	2,796,778	1,451,862
İş Yatırım Menkul Değerler AŞ	2,348,304	
	<u>6,112,112</u>	<u>5,022,645</u>
	30 June	31 December
Shares quoted to stock exchange	2012	2011
İş Yatırım Ortaklığı AŞ	<u>4,567,984</u>	<u>4,723,711</u>
	30 June	31 December
Cash and cash equivalents	2012	2011
Türkiye İş Bankası A.Ş. time deposit	22,084,754	32,449,192
İş Yatırım Menkul Değerler A.Ş. B Tipi Kısa Vd.Tahvil Bono Fonu	2,062,983	5,700,683
Türkiye İş Bankası A.Ş. demand deposit	898,302	592,477
Türkiye İş Bankası AŞ Likit Fon	262,377	145,278
	<u>25,308,416</u>	<u>38,887,630</u>

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26. RELATED PARTIES (continued)

			30 June 2012	
Bank borrowings and factoring payables to related parties	Original currency	Interest rate (%)	Short term	Long term
Türkiye İş Bankası A.Ş.	TL	%15	444,726	-
İş Faktoring Fin. Hizm. A.Ş.	TL	%19	235,275	-
İş Finansal Kiralama AŞ	Euro-USD Dollar	%8.05-11.22	358,844	472,673
Türkiye Teknoloji Geliştirme Vakfı	USD Dollar	-	37,861	113,581
			<u>1,076,706</u>	<u>586,254</u>
			31 December 2011	
Borrowings from related parties	Original currency	Interest rate (%)	Short term	Long term
Türkiye İş Bankası A.Ş.	TL	%0-12.30	369,009	-
İş Faktoring Fin. Hizm. A.Ş.	TL	%17.00	235,275	-
Türkiye Teknoloji Geliştirme Vakfı	USD Dollar	-	79,175	118,763
			<u>683,459</u>	<u>118,763</u>

					30 June 2012				
Balances with related parties		Receivables Short term		Payables Short term					
		Trade	Other	Trade	Other				
Türkmed		4,720	-	-	-				
İş Merkezleri Yönetim ve İşletim A.Ş.		-	-	(1,680)	-				
		<u>4,720</u>	<u>-</u>	<u>(1,680)</u>	<u>-</u>				
					31 December 2011				
Balances with related parties		Receivables Short term		Payables Short term					
		Trade	Other	Trade	Other				
Ortopro		49,701	-	-	-				
Ode		12,390	-	-	-				
Türkmed		7,080	-	-	-				
Anadolu Anonim Türk Sigorta Şirketi		-	-	(1,902)	-				
İş Merkezleri Yönetim ve İşletim A.Ş.		-	-	(570)	-				
		<u>69,171</u>	<u>-</u>	<u>(2,472)</u>	<u>-</u>				

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(Amounts are expressed in Turkish Lira (“TL”), unless otherwise stated)

26. RELATED PARTIES (continued)

1 January – 30 June 2012

Transactions with related parties	Interest received	Interest paid	Service costs	Insurance costs	Transaction and advisory commission expenses	Rent expense	Other income	Other expenses
Türkmed	-	-	-	-	-	-	12,000	-
Aras Kargo Yurtiçi Yurtdışı Taşımacılık A.Ş.	-	-	(730)	-	-	-	110,385	-
T. İş Bankası A.Ş.	1,267,886	(48,025)	-	-	(2,024)	-	-	-
İş Faktoring Finansman Hizmetleri A.Ş.	-	(23,729)	-	-	-	-	-	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-	-	-	-	(180,138)	-	-
İş Yatırım Menkul Değerler A.Ş.	-	-	-	-	(175,656)	-	-	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	-	-	-	-	-	(76,664)
Anadolu Anonim Türk Sigorta Şirketi	-	-	-	(96,649)	-	-	-	-
ATT Technology Management BV	-	-	-	-	-	-	-	(188,350)
Meg Elektronik Bilgi ve İletişim Sistemleri	-	-	-	-	-	-	-	(13,807)
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	-	-	(3,671)	-	-	-	-	-
	<u>1,267,886</u>	<u>(71,754)</u>	<u>(4,401)</u>	<u>(96,649)</u>	<u>(177,680)</u>	<u>(180,138)</u>	<u>122,385</u>	<u>(278,821)</u>

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(Amounts are expressed in Turkish Lira (“TL”), unless otherwise stated)

26 RELATED PARTIES (continued)

Transactions with related parties	1 January – 30 June 2011							
	Interest received	Interest paid	Service costs	Insurance costs	Transaction and advisory commission expenses	Rent expense	Other income	Other expenses
Ode	-	-	-	-	-	-	9,000	-
Ortopro	-	-	-	-	-	-	28,503	-
Türkmed	-	-	-	-	-	-	12,000	-
Dr. F. Frik	-	-	-	-	-	-	117,757	-
T. İş Bankası A.Ş.	524,888	(21,238)	-	-	(1,335)	-	-	-
İş Faktoring Finansman Hizmetleri A.Ş.	-	(1,908)	-	-	-	-	-	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-	-	-	-	(84,870)	-	-
İş Yatırım Menkul Değerler A.Ş.	-	-	-	-	(107,360)	-	-	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	-	-	-	-	-	(33,767)
Anadolu Anonim Türk Sigorta Şirketi	-	-	-	(85,770)	-	-	-	-
ATT Technology Management BV	-	-	(48,236)	-	-	-	-	-
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	-	-	(3,387)	-	-	-	-	-
Probil	-	-	-	-	(3,398)	-	-	-
	<u>524,888</u>	<u>(23,146)</u>	<u>(51,623)</u>	<u>(85,770)</u>	<u>(112,093)</u>	<u>(84,870)</u>	<u>167,260</u>	<u>(33,767)</u>

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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27. FINANCIAL RISK MANAGEMENT

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

Group’s fund structure comprises of the liabilities with the loans disclosed in Note 6, cash and cash equivalents, issued capital, reserves and retained earnings.

Group aims to balance its overall capital structure through the payment of dividends and new share issues as well as the by using of new borrowings or by redemption of existing borrowing.

Financial risks

The risks of the Group, resulted from operations, include market risk (including currency risk, fair value interest rate risk, and price risk), credit risk and liquidity risk. The Group’s risk management program generally focuses on minimizing the effects of uncertainty in financial market on financial performance of the Group.

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss of the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group continuously monitors its credit risk exposure and its customers’ credibility. Credit risk is controlled through the customer limits, which the Risk Management Board annually evaluates and approves.

Trade receivables comprise many customers that operate in various industries and locations. Credit risk evaluation is continuously performed for the trade receivables from customers and is insured if it is needed.

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(Amounts are expressed in Turkish Lira ("TL"), unless otherwise stated)

27. FINANCIAL RISK MANAGEMENT (continued)

Credit Risk Management (continued)

	Receivables				Cash and Cash Equivalents (**)	Investment Securities (***)
	Trade Receivables		Other Receivables			
	Related Parties	Other	Related Parties	Other		
30 June 2012						
Maximum net credit risk at the end of the reporting period (*)	4,720	18,369,782	-	337,995	54,446,779	68,424,859
- The portion of maximum risk under guarantee with collateral, etc.	-	415,000	-	-	-	-
A. Net carrying value of financial assets that are neither past due nor impaired	4,720	15,317,932	-	337,995	54,446,779	68,424,859
B. Net carrying value of financial assets that are negotiated, if not that will be accepted as past due or impaired		3,051,850				
C. Net carrying value of financial assets that are past due but not impaired	-		-	-	-	-
- under guarantee with collateral, etc.						
D. Net carrying value of impaired assets						
- Past due (gross carrying amount)	-	437,797	-	-	-	-
- Impairment (-)		(437,797)				
- The portion of net carrying value under guarantee with collateral, etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The portion of net carrying value under guarantee with collateral, etc.	-	-	-	-	-	-
E. Off-statement of financial position items with credit risk						

(*)Elements increasing credit enhancement like collateral is not considered while determining the amount.

(**) Cash on hand is excluded. (***) Stocks are excluded.

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27. FINANCIAL RISK MANAGEMENT (continued)

Credit Risk Management (continued)

	Receivables				Cash and Cash Equivalents (**)	Investment Securities (***)
	Trade Receivables		Other Receivables			
	Related Parties	Other	Related Parties	Other		
31 December 2011						
Maximum net credit risk at the end of the reporting period (*)	69,171	7,703,807	-	27,766	40,157,507	70,862,857
- The portion of maximum risk under guarantee with collateral, etc.			-			
A. Net carrying value of financial assets that are neither past due nor impaired	69,171	5,582,769	-	27,766	40,157,507	70,862,857
B. Net carrying value of financial assets that are negotiated,						
if not that will be accepted as past due or impaired	-	2,121,038	-	-	-	-
C. Net carrying value of financial assets that are past due but not impaired	-		-	-	-	-
- under guarantee with collateral, etc.	-	1,394,980	-	-	-	-
D. Net carrying value of impaired assets	-	(1,394,980)	-	-	-	-
- Past due (gross carrying amount)	-		-	-	-	-
- Impairment (-)	-		-	-	-	-
- The portion of net carrying value under guarantee with collateral, etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-		-	-	-	-
- Impairment (-)	-		-	-	-	-
- The portion of net carrying value under guarantee with collateral, etc	-		-	-	-	-
E. Off-statement of financial position items with credit risk						

(*)Elements increasing credit enhancement like collateral is not considered while determining the amount.

(**) Cash on hand is excluded.

(***) Stocks are excluded.

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27. FINANCIAL RISK MANAGEMENT (continued)

Credit Risk Management (continued)

Aging of overdue but not yet impaired receivables as follows:

30 June 2012	<u>Trade Receivables</u>	<u>Other Receivables</u>	<u>Total</u>
Past due 1-30 days	110,042	-	110,042
Past due 1-3 months	483,193	-	483,193
Past due 3-12 months	1,145,297	-	1,145,297
Past due 1-5 years	1,313,318	-	1,313,318
Past due more than 5 years	-	-	-
Total past due receivables	<u>3,051,850</u>	<u>-</u>	<u>3,051,850</u>
The portion under guarantee with collateral	-	-	-

31 December 2011	<u>Trade Receivables</u>	<u>Other Receivables</u>	<u>Total</u>
Past due 1-30 days	168,639	-	168,639
Past due 1-3 months	329,908	-	329,908
Past due 3-12 months	860,441	-	860,441
Past due 1-5 years	762,050	-	762,050
Past due more than 5 years	-	-	-
Total past due receivables	<u>2,121,038</u>	<u>-</u>	<u>2,121,038</u>
The portion under guarantee with collateral	-	-	-

At the end of the reporting period, there isn't any collateral taken against the overdue trade receivables either impaired or not impaired.

Liquidity risk management

Liquidity risk management responsibility mainly belongs to the top management. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities. In part “IT, audio and communication Systems” and “Orthopedics, surgery, medical appliances”, in order to minimize the risk of liquidity the details of unused loans, in case of need, as at the end of the reporting period are disclosed in Note 6. “Private Equity” operating segment is financed through equity. Investments in equity companies are financed through security portfolio or funds in time deposit. Securities in portfolio have secondary market and have high liquidity and maturity is arranged according to liquidity requirements.

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27. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk management (continued)

The table below shows the maturity profile of Group's non-derivative financial liabilities. The non-derivative financial instruments is presented on an undiscounted cash flow basis and according to the earliest date of the payments required to be done. The table includes both cash flows of interest and principal.

30 Haziran 2012

Contractual Maturities	Carrying Value	Contractual cash flows (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Financial Liabilities	12,434,382	12,703,612	9,972,219	1,246,831	1,484,562	-
Trade payables	10,154,116	10,154,116	3,037,143	6,998,498	118,475	-
Other payables (*)	56,278	56,278	56,278	-	-	-
Total liabilities	22,644,776	22,914,006	13,065,640	8,245,329	1,603,037	-

(*)Taxes and other duties payables are excluded.

31 December 2011

Contractual Maturities	Carrying Value	Contractual cash flows (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Financial Liabilities	1,909,818	1,965,599	1,831,705	15,131	118,763	-
Trade payables	746,276	750,876	570,171	93,551	87,154	-
Other payables (*)	13,617	13,617	13,617	-	-	-
Total liabilities	2,669,711	2,730,092	2,415,493	108,682	205,917	-

(*)Taxes and other duties payables are excluded.

Market risk management

The Group is exposed to financial risks related to foreign currency changes based on its operations.

Group's exposure to market risks is measured in accordance with sensitivity analysis.

There has been no change in the Group's exposure to market risks or the manner which it manages and measures the risk compared to previous year.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts and balancing assets and liabilities in terms of foreign exchange.

The foreign currency denominated assets and liabilities of monetary and non-monetary items as at the end of the reporting period are as follows:

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27. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk management (continued)

	TL (Functional currency)	USD Dollar	Euro	GBP	Other
30 June 2012					
1. Trade receivables	6,772,302	2,924,115	566,755	-	409,405
2a. Monetary Financial Assets	3,682,996	1,976,273	6,690	259	197,422
2b. Non-monetary Financial Assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. CURRENT ASSETS	10,455,298	4,900,388	573,445	259	606,827
5. Trade receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-	-
9. TOTAL ASSETS	10,455,298	4,900,388	573,445	259	606,827
10. Trade payables	(4,848,958)	(1,625,644)	(841,294)	-	-
11. Financial liabilities	(1,363,451)	(490,904)	(209,583)	-	-
12a. Other Monetary Financial Liabilities	(185,426)	(53,380)	(39,133)	-	-
12b. Other Non-Monetary Financial Liabilities	-	-	-	-	-
13. SHORT TERM LIABILITIES	(6,397,835)	(2,169,928)	(1,090,010)	-	-
14. Trade payables	-	-	-	-	-
15. Financial liabilities	(1,942,110)	(150,802)	(734,186)	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-	-
17. LONG TERM LIABILITIES	(1,942,110)	(150,802)	(734,186)	-	-
18. TOTAL LIABILITIES	(8,339,945)	(2,320,730)	(1,824,196)	-	-
19. Net asset/liability position of the off-balance sheet derivative instruments(19a-19b)	-	-	-	-	-
19a. Amount of asset type, off balance sheet foreign currency derivatives	-	-	-	-	-
19b. Amount of liability type, off balance sheet foreign currency derivatives	-	-	-	-	-
20. Net foreign currency asset liability position	2,115,354	2,579,658	(1,250,751)	259	606,827
21. Monetary items, net foreign currency asset/liability position (1+2a+5+6a-10-11-12a-14-15-16a)	2,115,354	2,579,658	(1,250,751)	259	606,827
22. Total fair value of financial instruments used to hedge foreign currency					
23. The portion of the hedged amount of the foreign currency assets					
24. The portion of the hedged amount of the foreign currency liabilities					
23. Export	6,731,595	2,993,684	522,511	-	-
24. Import	3,545,414	865,771	813,738	31,945	865,377

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27. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk management (continued)

	TL (Functional currency)	USD Dollar	Euro	GBP	Other
31 December 2011					
1. Trade receivables	7,437,068	3,198,955	569,233	-	14,153
2a. Monetary Financial Assets	4,335,611	1,974,134	216,505	-	151,126
2b. Non-monetary Financial Assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. CURRENT ASSETS	11,772,679	5,173,089	785,738	-	165,279
5. Trade receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-	-
9. TOTAL ASSETS	11,772,679	5,173,089	785,738	-	165,279
10. Trade payables	(395,378)	(192,595)	(11,110)	(1,500)	-
11. Financial liabilities	(79,175)	(41,916)	-	-	-
12a. Other Monetary Financial Liabilities	(34,476)	(12,750)	(4,250)	-	-
12b. Other Non-Monetary Financial Liabilities	-	-	-	-	-
13. SHORT TERM LIABILITIES	(509,029)	(247,261)	(15,360)	(1,500)	-
14. Trade payables	-	-	-	-	-
15. Financial liabilities	(118,763)	(62,874)	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-	-
17. LONG TERM LIABILITIES	(118,763)	(62,874)	-	-	-
18. TOTAL LIABILITIES	(627,792)	(310,135)	(15,360)	(1,500)	-
19. Net asset/liability position of the off-balance sheet derivative instruments(19a-19b)	-	-	-	-	-
19a. Amount of asset type, off balance sheet foreign currency derivatives	-	-	-	-	-
19b. Amount of liability type, off balance sheet foreign currency derivatives	-	-	-	-	-
20. Net foreign currency asset liability position	11,144,887	4,862,954	770,378	(1,500)	165,279
21. Monetary items, net foreign currency asset/liability position (1+2a+5+6a-10-11-12a-14-15-16a)	11,144,887	4,862,954	770,378	(1,500)	165,279
22. Total fair value of financial instruments used to hedge foreign currency	-	-	-	-	-
23. The portion of the hedged amount of the foreign currency assets	-	-	-	-	-
24. The portion of the hedged amount of the foreign currency liabilities	-	-	-	-	-
23. Export	12,317,097	5,986,954	998,486	-	-
24. Import	303,637	5,712	124,760	-	-

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27. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk management (continued)

Foreign currency risk sensitivity analysis

The Group is mainly exposed to foreign currency risks in US Dollar and Euro.

The following table shows the Group's sensitivity to a 10% increase and decrease in US Dollar and Euro. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit / loss and other equity.

30 June 2012

	Profit / Loss		Equity	
	The appreciation of foreign currency	The depreciation of foreign currency	The appreciation of foreign currency	The depreciation of foreign currency
	10% appreciation / depreciation of TL against the U.S. Dollar			
1 - U.S. Dollar net assets / liabilities	466,014	(466,014)	-	-
2- The part of the hedged U.S. dollar risk (-)	-	-	-	-
3- U.S. Dollar net effect (1 +2)	466,014	(466,014)	-	-
	10% appreciation / depreciation of TL against Euro			
4 – Euro net assets / liabilities	(284,446)	284,446	-	-
5- The part of the hedged Euro risk (-)	-	-	-	-
6- Euro net effect (4 +5)	(284,446)	284,446	-	-
	10% appreciation / depreciation of TL against other currencies			
7 – Other currencies net assets / liabilities	29,967	(29,967)	-	-
8- The part of the hedged Other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7 +8)	29,967	(29,967)	-	-
TOTAL (3 + 6 +9)	211,535	(211,535)	-	-

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27. FINANCIAL RISK MANAGEMENT (continued)*Foreign currency risk management (continued)*Foreign currency risk sensitivity analysis (continued)

30 June 2011

	Profit / Loss		Equity	
	The appreciation of foreign currency	The depreciation of foreign currency	The appreciation of foreign currency	The depreciation of foreign currency
	10% appreciation / depreciation of TL against the U.S. Dollar			
1 - U.S. Dollar net assets / liabilities	837,540	(837,540)	-	-
2- The part of the hedged U.S. dollar risk (-)	-	-	-	-
3- U.S. Dollar net effect (1 +2)	837,540	(837,540)	-	-
	10% appreciation / depreciation of TL against Euro			
4 – Euro net assets / liabilities	204,836	(204,836)	-	-
5- The part of the hedged Euro risk (-)	-	-	-	-
6- Euro net effect (4 +5)	204,836	(204,836)	-	-
	10% appreciation / depreciation of TL against other currencies			
7 – Other currencies net assets / liabilities	6,933	(6,933)	-	-
8- The part of the hedged Other currencies risk (-)	-	-	-	-
9- Other currencies net effect (7 +8)	6,933	(6,933)	-	-
TOTAL (3 + 6 +9)	1,049,309	(1,049,309)	-	-

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27. FINANCIAL RISK MANAGEMENT (continued)

Interest Rate Risk

Changes in market interest rates causing fluctuations in the prices of financial instruments of the Group's interest rate risk leads to the necessity to deal with. Interest rate risk sensitivity is related with the maturity mismatches of the Group's assets and liabilities.

The interest position of the Group as at 30 June 2012 and 31 December 2011 is as follows:

Interest Position Table

	30 June 2012	31 December 2011
Fixed interest rate financial instruments		
Financial assets at fair value through profit or loss	48,724,251	14,634,153
Time Deposit	50,287,579	32,449,192
Financial liabilities (*)		(1,711,880)
	<u>86,728,890</u>	<u>45,371,465</u>
Floating rate financial instruments		
Financial assets at fair value through profit or loss	13,282,989	14,695,919
Financial liabilities	-	-
	<u>13,282,989</u>	<u>14,695,919</u>

(*) The non-interest loans utilized from Türkiye Teknoloji Geliştirme Vakfı amounting to US Dollar 83,832 (151,442 TL equivalent) has been deducted from the total amount.

Fixed and variable income securities that are classified as designated at fair value through profit and loss in the Group's consolidated statement of financial position are exposed to price risk depending on interest rate changes. As of 30 June 2012 and 30 June 2011 according to the analysis that the Group calculated, effect on fixed and variable income securities' market value and the Group's net profit/loss, under the assumption that all other variables remain constant, in the case of 1% interest rate increase or decrease of TL denominated securities and Eurobonds, presented below:

30 June 2012			
Risk type	Risk rate	Risk direction	Impact on profit for the year
Interest rate risk	% 1	Increase	(365,046)
		Decrease	418,073
30 June 2011			
Risk type	Risk rate	Risk direction	Impact on profit for the year
Interest rate risk	% 1	Increase	(325,511)
		Decrease	393,927

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27. FINANCIAL RISK MANAGEMENT (continued)

Other Price Risk

Group's portfolio in equities and mutual funds, which are publicly traded, is exposed to price risk.

According to the consolidated financial position as at 30 June 2012, in case of 10% increase/decrease, if all the other variables remain constant, in the value of stock investment that are in the Group's portfolio, with the effect of equity investment designated at fair value through profit or loss and stock-indexed investment fund, net profit would be TL 456,798 (30 June 2011: TL 581,380) lower/higher.

According to the consolidated financial position as at 30 June 2012, in case of 1% increase/decrease, if all the other variables remain constant, in the value of investment fund that are in the Group's portfolio, with the effect of investment funds designated at fair value through profit or loss, net profit would be TL 87,430 (30 June 2011: TL 372,826) lower/higher.

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(Amounts are expressed in Turkish Lira ("TL"), unless otherwise stated)

28. FINANCIAL INSTRUMENTS

30 June 2012	Financial assets at amortized cost	Loans and receivables	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Carrying amount	Fair value	Note
<u>Financial assets</u>							
Cash and cash equivalents	52,251,496	-	2,325,360	-	54,576,856	54,576,856	4
Investment securities	-	-	72,992,843	-	72,992,843	72,992,843	5
Trade receivables	-	18,374,502	-	-	18,374,502	18,374,502	7
<u>Financial liabilities</u>							
Financial liabilities	-	-	-	12,434,382	12,434,382	12,434,382	6
Trade payables	-	-	-	10,154,116	10,154,116	10,154,116	7
Other payables (*)	-	-	-	56,278	56,278	56,278	8
31 December 2011	Financial assets at amortized cost	Loans and receivables	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Carrying amount	Fair value	Note
<u>Financial assets</u>							
Cash and cash equivalents	34,313,123	-	5,845,962	-	40,159,085	40,159,085	4
Investment securities	-	-	75,586,568	-	75,586,568	75,586,568	5
Trade receivables	-	7,772,978	-	-	7,772,978	7,772,978	7
<u>Financial liabilities</u>							
Financial liabilities	-	-	-	1,909,818	1,909,818	1,909,818	6
Trade payables	-	-	-	746,276	746,276	746,276	7
Other payables (*)	-	-	-	13,617	13,617	13,617	8

(*)Taxes and other duties payables are excluded.

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28. FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments

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

- First level: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Second level: Other than the quoted prices defined in first level, the fair value of other financial assets and financial liabilities are determined in accordance with direct or indirect inputs used for the determination of observable current market transactions; and
- Third level: the fair value of financial assets and financial liabilities are determined in accordance with the inputs that are not based on observable current market transactions.

Classification of fair values of financial assets and liabilities is as follows:

	30 June 2012	Fair value hierarchy at the end of the reporting period		
		1st level TL	2nd level TL	3rd level TL
Financial assets				
Financial asset at fair value through profit or loss	72,992,843	72,992,843	-	-
Cash and cash equivalents (B type liquid funds)	2,325,360	2,325,360	-	-
Total	75,318,203	75,318,203	-	-

	31 December 2011	Fair value hierarchy at the end of the reporting period		
		1st level TL	2nd level TL	3rd level TL
Financial assets				
Financial assets at fair value through profit or loss	75,586,568	75,586,568	-	-
Cash and cash equivalents (B type liquid funds)	5,845,962	5,845,962	-	-
Total	81,432,530	81,432,530	-	-

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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29. DISCONTINUED OPERATIONS

As at 31 March 2012 Orsem Ortopedik Aletler ve Medikal Cihazlar Sanayi ve Ticaret A.Ş. owned 99% by Ortopro, the subsidiary of the Group, as subsidiary has sold for TL 700,000 to non-related party. The results arising from discontinued operations are as follows:

	30 June 2012
Results of discontinued operation	
Revenue	4,777,195
Expenses	(4,831,084)
Results from operating activities	(53,889)
Tax	56,361
Results from operating activities, net of tax	2,472
Gain on sale of discontinued operations	3,995,018
Tax on gain on sale of discontinued operation	204,995
Gain on sale of discontinued operations, net of tax	4,200,013
Profit / (Loss) for the period	4,202,485
Basic and diluted earnings (loss) per share	0.072582
	30 June 2012
Cash flows from (used in) discontinued operation	
Net cash used in operating activities	(335,566)
Net cash from investing activities	(477,677)
Net cash from financing activities	-
Net cash flow for the period	(813,243)
Effect of disposal on the financial position of the Group	Dipnot
Property, plant and equipment	12 (1,006,799)
Intangible assets	13 (127,548)
Inventories	(2,756,788)
Allowance for impairment on inventories	9 81,164
Deferred tax asset	24 (653,847)
Trade and other receivables	(14,782,566)
Bad debt allowance	7 723,009
Cash and cash equivalents	(1,177,677)
Loans and borrowings	7,333,321
Severance liability	15 8,160
Vacation pay liability	15 27,525
Trade and other payables	15,627,064
Net assets and liabilities	3,295,018
Consideration received, satisfied in cash	700,000
Cash and cash equivalents disposed of	(1,177,677)
Net cash outflow	(477,677)

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30. OTHER SIGNIFICANT ISSUES

- According to board of directors' decision numbered as 294 at 19 January 2012 all shares of the Group owned in Ode, subsidiary of the Group, has decided to be sold for USD 10,500,000 to Ode İzolasyon Sanayi Satış ve Pazarlama A.Ş. that most of its shares has owned by existing shareholders of Ode. General management is authorized for sales related operations and sale transaction has occurred at 26 March 2012.
- The Company take over %1.5 bonus shares and İş Girişim's share owned in Ortopro increased to %32.5 based on Subscription and Stakeholders Engagement signed at 4 December 2007 with Ortopro Tıbbi Aletler Sanayi ve Ticaret A.Ş.
- With considering requirement of strong capital for getting the most out of processive potential of orthopedics market in both domestic and foreign countries through incentives given for supporting local production, negotiations with third parties has started in order to find new shareholders through capital increase for Ortopro. As of 5 March 2012 Erol Frik has become shareholder with holding %20 of the shares through transferring USD 4,5 million to Ortopro through capital increase by limiting existing shareholders' stock warrant. Simultaneous with capital increase, İş Girişim has purchased bonus share at the rate of %6.5 from Tolga Yalçinkaya, shareholder of Ortopro, and İş Girişim's owned shares in Ortopro have been maintained at the rate of %32.5. İş Girişim's member of Board of Director increased from 1 to 2.
- All shares of Ortopro owned in Orsem Ortopedik Aletler ve Medikal Cihazlar Sanayi ve Ticaret A.Ş., subsidiary of Ortopro, has been decided to sell to Sigma Ortopedik Aletler ve Medikal Cihazlar Sanayi ve Ticaret Ltd. Şti. ("Sigma") for TL 700,000 unanimously by Ortopro's Bord of Director and the process has completed at 31 March 2012.
- Nevotek has transferred %4 of paid in capital that is equivalent of 169.68 number of shares to the other shareholders' of Nevotek within the protocol of premium and dividend tied to performance signed between The Company and Nevotek, subsidiary of the Group. After the transfer İş Girişim's rate of owned shares has decreased from %85.24 to %81.24. Dividend amounted to TL 1,025,167 has acquired in cash at 14 March 2012.
- In accordance with the BOD decision numbered 314 at 27 June 2012, General Management of the Company has been entitled to acquire 51% of shares of Toksöz Spor Malzemeleri Ticaret A.Ş. ("Toksöz Spor"), make investment amounting to TL 23,900,000 and conduct related proceedings through participating in capital increase performed by Toksöz operating in sport wearings and products and to purchasing stock from the shareholders. Within the frame of given authority, General Management has signed Contributions to the Capital, Share Transfer and Share Agreement ("Agreement") with Toksöz Spor, shareholders of Toksöz Spor and Zafer Parlar. In accordance with proviso, the ownership to be performed is subject to fulfill prerequisite.
- Modification of article of association has approved in General Assembly at 7 May 2012 and A and B Group privileged shareholders of general assembly. The modifications have registered at 22 May 2012 and published in Turkish Trade Registry Gazette at 28 May 2012.

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30. OTHER SIGNIFICANT ISSUES (continued)

- Cash dividend amounting to TL 12,600,000 and bonus shares amounting to 7,560,000 have been decided to distribute with rates respectively, %25 and %15 of paid in capital from profit for the period in accordance with General Assembly at 7 May 2012. As of 15 May 2012 distribution of cash dividend has completed. Application of capital increase through bonus issue has been sent at 15 May 2012. Capital increase through bonus issues has performed at 19 June 2012.

31. EVENTS AFTER THE REPORTING PERIOD

- Capital increase through bonus issues at the rate of 15% of the Company has been registered at 11 July 2012 and published in Turkish Trade Registry Gazette at 16 July 2012.
- Permission of Competition Authority concerning the Group’s acquisition of share at the rate of 51% of Toksöz Spor has been given at 9 August 2012.
- In accordance with BOD numbered 315 at 24 August 2012, sale of all shares owned in Havaş to the Company that has owned shares by TAV Havalimanları Holding A.Ş. or TAV Havalimanları Holding A.Ş., has been decided with entitling General Management to run interviews.